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Howe Quits in EC Rift

Lag on Europe Costs Thatcher A Longtime Ally

By Craig R. Whitney
New York Times Service

LONDON — Prime Minister Margaret Thatcher's fierce opposition to a federal European Community openly split her Conservative Party on Thursday with the resignation of Sir Geoffrey Howe, the deputy prime minister.

He was the last remaining member of the team she brought into government in 1979.

The issue of whether Britain should finally either climb aboard or jump off as Europe gathers speed toward economic, monetary and political union could determine the outcome of the next British general election, which has to be called before July of 1992.

Mrs. Thatcher and her party suffer continuing unpopularity in public opinion polls.

At the heart of the dispute in Britain is the very core issue of the new Europe itself: How much individual sovereignty will the member states agree to surrender to each other and to the EC Commission in Brussels?

Mrs. Thatcher has drawn the line at European currency union, arguing fiercely that the House of Commons would never agree to surrender to a European central bank the right to decide how many pounds sterling should be in circulation or what they should be worth.

Sir Geoffrey, dismissed as Mrs. Thatcher's foreign secretary in July of last year for insisting too hard that she agree to European moves toward monetary and political union, quit Thursday evening after a short meeting with the prime minister at No. 10 Downing Street.

His letter of resignation said that he could no longer support Mrs. Thatcher's views on this issue, which he called "crucial" to the future of the British nation.

Mrs. Thatcher's reply said that their differences were not so great as he supposed. Her office said later that she had accepted his resignation "more in sorrow than in anger."

The prime minister's Conservative Party has been trailing far behind the opposition Labor Party in public opinion polls since early last year. The latest Market & Opinion Research International poll, published in The Sunday Times last weekend, showed a 16-point gap, with Labor leading by 49 to 33 percent of those surveyed.

Most British voters will not decide how to cast their ballots in the next election on the European issue. They will make their decisions based on issues such as the unpopular poll tax, the per capita charge introduced by Mrs. Thatcher's government during the past year, and the level of interest rates, which the government raised to double-digit levels late last year to combat Britain's high inflation.

That is now running at nearly 11 percent, more than three times the German level, but Mrs. Thatcher's new chancellor of the Exchequer, John Major, allowed the pound to be tied more closely to the German mark early last month.

That was after Mrs. Thatcher finally decided to let Britain join the European exchange rate mechanism as part of the first phase of European monetary union, something that both Sir Geoffrey and Mr. Major's predecessor, Nigel Lawson, had urged on her before the European summit meeting in Madrid in June 1989. Sir Geoffrey paid for that with his job the following month, and Mr. Lawson resigned a year ago in October after Mrs. Thatcher refused to let Britain join the exchange rate mechanism then.

Khaled Saoui/Agence France-Presse

ISRAELI VENGEANCE — A young relative of Omar Sarhan, who stabbed three Israelis to death, is consoled by another relative after soldiers blew up their house on Thursday. At the United Nations, the secretary-general suggested a Geneva Convention meeting to discuss protection for Palestinians. Page 6.

Bush Denies He Prepares U.S. For a Gulf War

Says He Wants to Refocus Attention on Hostage Plight

Compiled by Our Staff From Dispatches

ORLANDO, Florida — President George Bush said Thursday he was not trying to beat the war drums but wanted to refocus public attention on the need to end Iraq's invasion of Kuwait and rescue foreigners held hostage there.

"I'm not trying to sound the tocsin of war, but I am trying to point out the concerns that I feel, for example on the hostage question," Mr. Bush said when asked whether, by his recent harsh rhetoric on the Gulf situation, he was preparing the United States to go to war with Iraq.

"I want to have a peaceful resolution to this question," Mr. Bush said during a campaign swing for Republicans before the Nov. 6 congressional elections. "I am prepared to give sanctions time to work, but I'm not ruling out further options and I'm not trying to prepare our country for war."

At the same time, he continued a verbal barrage against Saddam Hussein, suggesting that the Iraqi president had surpassed Hitler in brutality and pledging to "see his aggression turned back."

The harsh language prompted his spokesman to say that Mr. Bush was speaking out "to prepare the American people for any eventuality." Marlin Fitzwater said, "If we do have to take dramatic action, we want them to know why."

The president's day combined campaigning with remarks on the Gulf crisis, and at a news conference in Orlando he conceded it was a "little bit awkward because we are a few days before an election and I want to continue to work for Republican candidates."

At the same time, he said he wanted to keep the American people informed about his feelings in the Gulf, where more than 200,000 U.S. troops are deployed.

Mr. Bush ordered the military buildup in early August, when Mr. Hussein invaded Kuwait and threatened Saudi Arabia. Senior U.S. officials have said the administration is considering adding another 100,000 troops.

Earlier Thursday, in Massachusetts, Mr. Bush said that Mr. Hussein's tactic of using U.S. civilians as "human shields" against attacks on military targets was "brutality that I don't believe Adolf Hitler ever participated in."

The remark raised eyebrows, and Mr. Bush was asked in Orlando whether his comparison might be overdrawn. "I don't think I'm overstating it," the president replied. He said that Hitler at least had respected the legitimacy of foreign embassies.

Questioned about rising public jitters over prospects of war with Iraq, Mr. Bush said his recent emphasis on the subject was designed to refocus attention on U.S. goals in the Gulf after a long period of distraction by domestic issues such as budget-cutting negotiations.

Iraq invaded Kuwait on Aug. 2 and now faces international economy sanctions and a huge multinational military force.

Mr. Bush said it was awkward for him to attempt such a clarification because he was also involved in partisan political campaigning and his motives might be misunderstood.

But he said he could separate these strands and especially wanted

See BUSH, Page 6

U.S. Commander Says Forces Can Obliterate Iraq

General Calls Hussein a 'Megalomaniac,' but Hopes to Avoid a Conflict

By Youssef M. Ibrahim
New York Times Service

RIYADH — The commanding general of the U.S. troops in the Gulf said Thursday that allied forces could obliterate Iraq, but that such action might not be in the best interests of regional stability.

General Norman Schwarzkopf, the U.S. commander, stressed in an interview that "if we have to fight, I am going to use everything that is available to me to inflict the maximum number of casualties on the enemy as possible."

He also expressed hope that a military conflagration could be avoided as President Saddam Hussein of Iraq realized he was facing what the general called impossible odds.

General Schwarzkopf described Mr. Hussein as a "megalomaniac" and a "ruthless" man obsessed with forcing his leadership upon the Arab world.

General Schwarzkopf, who went to Riyadh in late August to assume command of the more than 210,000 American military personnel deployed in the Gulf, seemed to believe that while a war could erupt anytime, he did not expect it for a few more weeks.

In an hourlong conversation, the general discussed the odds of a chemical weapon attack by the Iraqis, potential damage to Saudi and Kuwaiti oil fields in a war, U.S. and Iraqi troop morale, and cooperation with other nations' armed forces deployed against Iraq.

He also offered his evaluation of the fighting quality of the estimated 500,000 Iraqi soldiers facing him, and of the character and psychological profile of the man whom he repeatedly identified as his prime enemy, Mr. Hussein.

[President George Bush said Thursday he was "more determined than ever" to drive Mr. Hussein out of Kuwait, The Associated Press reported from Burlington, Massachusetts.

["Today I am more determined than ever: This aggression will not stand," Mr. Bush said during a campaign trip. "The brutality against innocent citizens will not be tolerated and will not stand."

[Mr. Bush said he still intended to give economic sanctions time to work. "No one wants a peaceful end to this crisis more than I do, but no one is more determined to see this aggression turned back," he said.]

General Schwarzkopf — a big man whom troops nicknamed "the bear" and "Stormin' Norman" — exuded a sense of calm confidence, asserting at several points that he had not the slightest doubt that in a war, his troops would decisively defeat the Iraqi Army.

He said that although the 350,000 allied troops could obliterate Iraq if so ordered, "I would like to think that the ultimate objective is to make sure that we have peace, stability and a correct balance of power in the Middle East, so that all nations can continue to prosper without the fear of being attacked or blackmailed by a neighboring state.

"There are many ways you can accomplish that," he added, noting that the total destruction of Iraq may not be "in the interest of the long-term balance of power in this region."

Asked whether he sides with doves who are advocating a continued embargo of Iraq to force it to disgorge Kuwait, or hawks who are calling for a military confrontation to settle the Gulf crisis, General Schwarzkopf said: "I don't consider myself dovish. And, I certainly don't consider myself hawkish. Maybe I would describe myself as owlish.

"That is, wise enough to understand that you want to do everything possible to avoid war," he said. "But once you're committed to war, then ferocious enough to do whatever is necessary to get it over as quickly as possible in victory."

"He is not stupid," the general said of Mr. Hussein. "And, I would hope that within this conflict he would understand that to continue down this road where we are going, is going to lead to his destruction, and, therefore, he will not accomplish any of these things that he has in mind."

General Schwarzkopf cast strong doubts on the effectiveness of Iraqi missiles to hit targets in Saudi Arabia accurately or in significant numbers. He said there was little chance that Iraq, which he said may possess hundreds of medium-range missiles, has succeeded in attaching chemical warheads to them which it could deliver on a vast scale.

"I cannot say that no missile will come in. It would be foolish for me to say that. But I can tell you that I discount their rhetoric about their missiles because we know a great deal about their missiles, and the things that they claim they can do we do not think they can do," he said.

General Schwarzkopf said he regarded the Iraqi missile capability as a weapon of terror that may frighten people, rather than a military weapon that could affect the conduct of the war.

He also said the Saudi oil fields were, by and large, immune to any major disruptions caused by Iraqi missile or air attacks.

"Given the capability of their missiles, they could make a terror attack on a town as they did in the Iraq-Iran war," he said. "I think they could probably inflict some damage on the oil fields that would not be precise damage and it would be more of a form of harassment than a form of closing down the oil fields.

"The only way they could close down the oil fields is to physically occupy them, or, the other way I could see them physically close them is to repeatedly attack them

Iraq said it would allow Christmas visits to the foreign hostages. Page 6.

See TACTICS, Page 2

A Plea From Heath: Keep a Cool Head

Compiled by Our Staff From Dispatches

LONDON — Former Prime Minister Edward Heath condemned President George Bush on Thursday for enmeshing himself in a personal battle with Saddam Hussein, and called on Mr. Bush to have a "cool head and patience" in resolving the Gulf crisis.

At the same time, the Foreign Office criticized a German initiative under which Willy Brandt, the former West German chancellor, will go to Baghdad to try to free Westerners held hostage by Iraq.

Mr. Heath, who went to Baghdad last week, said he objected to statements by Mr. Bush on Wednesday that he had "had it" with the actions of Saddam Hussein, the Iraqi president.

"These issues are far too great to be decided on a personal like or dislike by the head of the greatest and most powerful country in the world," said Mr. Heath, who met with Mr. Hussein and returned from Iraq with 33 old and ailing British hostages.

"It's horrifying that this position should be reached," he said. "What it requires is a cool head and patience."

Mr. Heath, a senior member of the governing Conservative Party who served as prime minister from 1970 to 1974, called on Prime Minister Margaret Thatcher to disassociate herself from Mr. Bush's statement.

Mr. Heath said he supported Mr. Brandt's planned mission, which was given a cautious endorsement by the German government.

Hans Klein, chief spokesman for Chancellor Helmut Kohl, said the government viewed a private mission that included Mr. Brandt as the best way of pressing Iraq to free foreigners seized after Baghdad invaded Kuwait on Aug. 2.

Last week, Mr. Brandt called off a mission to Iraq after objections from Mr. Kohl, who said then that efforts by individual politicians to free any of the more than 2,000 Western and Japanese hostages held by Iraq undermined an international front against Baghdad.

Mr. Klein said Thursday that the government had suggested that Mr. Brandt, who is chairman of the Socialist International, be joined by Emilio Colombo, a former Italian prime minister who is chairman of the European Christian Democrats, and by Willy de Clerq, a Belgian former European Community commissioner and chairman of the European Liberal Democrats.

Mr. Klein said, "The government considers a mission by leading European personalities, acting on their own responsibility, the most appropriate way in the current situation to make clear to the Iraqi leadership the international community's demand for the immediate release of hostages from all nations."

(UPI, Reuters, AP)

■ Mission From Ireland

Three Irish legislators flew to Baghdad on Thursday on an unofficial mission to try to secure the release of about 220 Irish citizens, Reuters reported from Dublin.

The Irish prime minister, Charles Haughey, has voiced disapproval of the trip by the three, who will meet senior Iraqi officials and also plan to talk to President Hussein.

U.S. Index Flashes Recession Warning

By Lawrence Malkin
International Herald Tribune

NEW YORK — A closely watched index of U.S. business activity fell to recession level in October for the first time since the 1982 slump, and the survey director said Thursday that no relief was in sight.

The monthly index of the National Association of Purchasing Management slipped one percentage point to 43.4 percent, the lowest since December 1982. By the group's measurements, a reading below 50 indicates a declining manufacturing sector while a reading below 44 indicates that the entire economy is declining.

The figure is tracked by the Federal Reserve Board because it is the month's first snapshot of the economy. It is followed closely by the employment data, which will be released on Friday. Another number released Thursday showed a 2.8 percent drop in September construction spending, the largest monthly decline since the recession month of January 1982.

These and other figures continue to belie the backward-looking third-quarter statistics on gross national product released Tuesday, which showed 1.8 percent growth and were widely regarded as the economy's last hurrah after almost eight years of Reagan-era growth.

The new figures were good news for the bond market. Anticipating lower interest rates, traders pushed 30-year U.S. Treasury bond yields down to 8.69 percent from Wednesday's close of 8.78 percent.

Joe Plocek of the consulting firm McCarthy Crisanti Maffei said: "We really look like we skidded into recession into October."

All major categories in the purchasing managers survey declined except for an increase in new export orders, but at 51 they registered the lowest increase since the indicator was incorporated in 1988.

The purchasing managers reported that new orders of all kinds continued to fall for the fourth consecutive month to an index level of 43.8, lowest since November 1982, the trough of the last recession. Production declined to 43, and deliveries by suppliers to 47.8, reflecting slower demand and lack of bottlenecks as orders slacked off.

The indexes are compiled by polling purchasing executives of more than 300 industrial companies and comparing the number of positive against negative responses; a falling index number means more executives are reporting bad news.

Robert J. Bretz of Pitney Bowes Inc., chairman of the committee that conducts the survey, said, "Virtually all indicators confirmed the growing weakness in manufacturing, which was enough to pull the over-all economy into slightly negative growth. With new orders the weakest in eight years, immediate relief does not appear likely."

Gordon Richards, economist for the National Association of Manufacturers, confirmed that the purchasing managers report was "one more item indicating we are entering a recession."

Because manufacturing accounts for about 22 percent of U.S. output, it has become fashionable in

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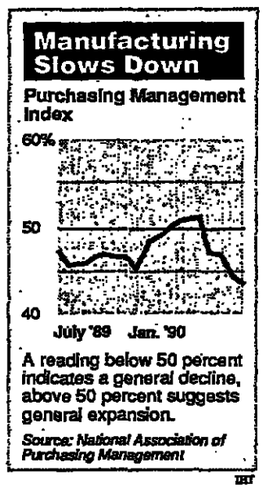

Kiosk

Leader Chosen In Pakistan

ISLAMABAD, Pakistan (AP) — The leader of a conservative coalition that defeated former Prime Minister Benazir Bhutto's party at the polls was chosen Thursday to head Pakistan's fifth civilian government in 43 years.

Nawaz Sharif, whose backers shared in a landslide victory in the general elections Oct. 24, was assured the prime minister's post after receiving the nomination of the Islamic Democratic Alliance. He had been chosen by his own party, The Pakistan Muslim League, on Wednesday. The next prime minister will be elected by the 217 members of the National Assembly. Voting could take place as early as Sunday. The new Parliament is to be sworn in Saturday.

General News

Berlin is struggling to become Germany's capital in more than name alone. Page 2.

Massachusetts' race for governor pits political rage against quiet geniality. Page 3.

Business/Finance

The Bundesbank raised a key lending rate. Page 11.

Special Report

Dutch attitudes toward Germany are being tempered by trade dependence and European integration. Pages 17-19.

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Dow Close	The Dollar In New York	
Up 12.62 2,454.95	DM	1.5046
	Pound	1.9445
	Yen	130.55
	FF	5.0445

A Pole Finds Capitalism Tailor-Made

By Stephen Engelberg
New York Times Service

WARSAW — Jerzy Urban, the former spokesman for the Communist government who warded off a generation of reporters with his cynical wit and acid tongue, is Poland's newest capitalist success story.

Mr. Urban is taking full advantage of the new laws here establishing a free press. His book lampooning the country's leading cultural and political figures, "Urban's Alphabet," has sold nearly 600,000 copies and earned its author $80,000 in profits so far.

And the satiric weekly he founded is already one of the best-selling publications in Poland, doubling its press run to 200,000 after only a few weeks on the newsstands.

"I like capitalism a lot," said Mr. Urban, who now wears well-tailored pin-striped suits. "When I was in the government, I was never so rich and I never had the chance to play such a fascinating game as I do now."

Throughout the 1980s, Mr. Urban was a familiar face on television, in the West as well as in Poland. He served as a lightning rod for popular hatred of the Communist government in the years after the imposition of martial law in December 1981. He was usually sent out to explain the unexplainable, and did it in as surly but clever a style as was possible.

These days, it is Mr. Urban who hurls the darts. He seems to be taking greatest pleasure in attacking the government of Prime Minister Tadeusz Mazowiecki for what he says has been its arrogant treatment of the Polish people. Mr. Mazowiecki is running against Lech Walesa, the leader of Solidarity, for the presidency of Poland in an election to be held on Nov. 25.

"This government has inherited many of our flaws," Mr. Urban said. "They have a complete inability to justify their decisions to the public. They have believed themselves so beautiful and good that they didn't need politics."

Mr. Urban did not fault the substance of the government's programs, particularly its efforts to close hopelessly unprofitable state-run industries. But he said Mr. Mazowiecki had failed to explain to workers in simple terms what they stand to gain from enduring the pain of the economic program.

"Society is not being drawn into the discussion," he said, echoing a frequent campaign theme of Walesa. "The way a textile worker reacts is: 'Why do I care about monetary policy? I want to know when I'll get enough money to sustain myself and my three kids.'"

The popular discontent has proved lucrative for Mr. Urban. Like any good entrepreneur, he has deftly identified a market — political humor — that has been neglected.

Under Communism, jokes about the "authorities" were both a means of rebellion and a way to cope with the drab realities of life. All that ended when Solidarity came to power. In the first year of the Mazowiecki government, unity was the national mantra and virtually no good jokes about the nation's leaders made the rounds.

After a year of stoic endurance of the economic program, Mr. Urban is betting that people are ready to laugh a bit at dogmas propounded by the post-Communist authorities.

Called Nie, from the Polish word for "no," Mr. Urban's weekly has hurled brickbats at Mr. Mazowiecki and Mr. Walesa. Even Pope John Paul II, the country's most beloved native son, has not escaped mention.

Much of the humor has the flavor of an adult version of Mad magazine, mixing political analysis with locker-room vulgarity.

Big Mac's Plastic Box Headed for the Dump

Compiled by Our Staff From Dispatches

CHICAGO — Bowing to pressure from environmentalists, McDonald's Corp. conceded Thursday that the plastic foam packages that cradle its Big Mac hamburger and other food is a packaging dinosaur that will not survive into a less wasteful age.

The rugged little polystyrene box, which was a design innovation that became one of the nation's best-known packages before turning into a symbol of the garbage crisis, will be phased out by the company at its outlets around the world, McDonald's announced.

The decision was an abrupt about-face for McDonald's, the biggest U.S. fast-food company and the nation's most voracious user of polystyrene. For years it had stoutly defended the need to use plastic in its restaurants.

"Although some scientific studies indicate that foam packaging is environmentally sound, our customers just don't feel good about it," the McDonald's USA president, Edward H. Rensi, said Thursday. "So we're changing."

Mr. Rensi said the company, based in Oak Brook, Illinois, will begin eliminating its foam containers within 60 days in the United States. At outlets abroad the timetable will vary by country.

Jim Cantalupo, president of McDonald's International, said the company would continue testing for the best materials to replace

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In a New Battle of Berlin, Lines Drawn on the Capital Issue

By John Tagliabue
New York Times Service

BERLIN — Nearly a month after unification, this sprawling city of more than 3 million people is still struggling to become the united Germany's capital in more than name alone.

The problem arises because the treaty uniting the Germanys declared Berlin the capital, but ruled that only the all-German legislature that will be elected in December could decide where to locate the ministries and bureaucrats.

No decision is expected before the spring.

Berliners appeared in need of reassurance this week. On Tuesday, the legislature in Bonn named Frankfurt, not Berlin, as the permanent seat of the Central Bank.

Earlier, Bonn bureaucrats had made public a report complaining that Unification Day ceremonies in Berlin on Oct. 3 were chaotic.

And Bonn's arbiters of finance let it be known that they favored the immediate abolition of state subsidies that now pay about half of Berlin's annual budget of more than $17 billion.

Heinrich Albertz, a former mayor, appeared to stroke Berliners' sensibilities when he warned Wednesday that "Berlin has to be the true capital of a united Germany."

If the ministries and their bureaucrats stayed in the distant Rhineland, Mr. Albertz said, then a united Germany was "in danger of listing westward."

The arguments over Berlin are made at two levels.

On one, there is the cost of shifting ministries, financing accommodation for officials and their staffs, and reorganization.

Tino Schwierzina, former mayor of East Berlin and now the deputy mayor of all the city, warned recently of crushing unemployment in Berlin if the federal ministries stayed in Bonn, given the loss of roughly 180,000 jobs in the now dissolved bureaucracy of the former East German government.

Berlin's unemployment rate, he said, could rise as high as 25 percent.

A spokesman for the city government, Werner Kolhoff, said that without a thriving Berlin, the prospects of the five new states carved out of the region that used to be East Germany were bleak.

"What other city can be the motor for the region?" he asked. "Our theory is that the integration of the new states has to happen through Berlin, or it will happen very fitfully, or not at all."

"Berlin is on the razor's edge," Mr. Kolhoff said.

There is a strong anarchic scene, and many in the West perceive the city as overrun by foreigners. Polish moonlighters and Soviet Jewish immigrants abound, and a large Turkish population remains, a reminder of the effort to offset a labor drain after the wall went up. Then, workers were hired from Turkey to replace the working-class families who had fled west.

Boosters of Berlin point to surveys like one taken recently in what used to be East Germany showing that 87 percent of the population favors Berlin as capital. But there are dissenters.

"I feel I am an East European," said Stefan Ret, a writer in what used to be East Berlin.

Berlin is 80 kilometers (50 miles) from Poland, nearly as far east as Prague, and the cobbled streets and crumbling buildings of the neighborhood where Mr. Ret is opening a publishing business remind one more of Warsaw or Bucharest than Paris or London.

"The question of the capital is more urgent for West Berlin than for us," said Mr. Ret. "People there are afraid they will go under with the east. If the people in Bonn feel more comfortable there, let them stay there then."

"It can be a great metropolis, or it can be a poverty zone. Both are possible."

But the other argument is over the symbolism and the political effects of the move. For most Germans, Berlin stands for recovery and reconstruction and the defiance of the Soviet attempt to starve the city out of its freedom with the 1948 blockade.

Berlin also recalls the flight to freedom of millions of East Germans that provoked construction of the Berlin Wall.

But it also stands for Prussian militarism and failed empires, and the failed democracy of the Weimar period, with the hyperinflation, disorder and decadence out of which Nazism arose.

"Many Germans never liked Berlin," said Joachim Trenkner, a television producer who has seen Berlin through thick and thin. "They regard it a little the way the rest of America sees New York. Basically an evil place, even if lively and interesting. They go there to amuse themselves, but they don't really like it or trust it."

Partly, he admits, this is political. Berlin is run by a coalition of Social Democrats and a leftist grouping called the Alternative List that is often at loggerheads with the conservative Bonn government.

Kazakhstan Joins Rush Away From The Soviet Empire

By David Remnick
Washington Post Service

ALMA-ATA, U.S.S.R. — Four years ago, Mikhail S. Gorbachev dismissed the longtime leader of Kazakhstan and replaced him with a Russian who had never set foot in the republic.

Hours after the announcement, demonstrators took to the streets of Alma-Ata. Police and Interior Ministry troops, using dogs and clubs, arrested hundreds of the protesters. A new phenomenon had arrived in Soviet history. For the first time, a Kremlin leader was forced into a slow process of discovery that the center would not hold, that the empire accumulated by czars and general secretaries was in decline.

The "December events" of 1986 in Alma-Ata, said Hassan Kozhakhamedov, chairman of the new National Democratic Party, "raised the question of empire, in the union and even abroad in Eastern Europe. People saw that if even a beaten-down people like the Kazakhs could rise up against the empire, then all was not lost."

Olzhas Suliemenov, a Supreme Soviet deputy from Kazakhstan, said the riots were "also the first sign that violence, as well as protest, was in our future."

Since that first spark in this Central Asian city near the Chinese border, the three Baltic republics and Armenia have declared their independence. Nearly all 15 Soviet republics, Russia included, have passed declarations of sovereignty. Nationalist violence — in Kishinev, Fergana, Osh, Dushanbe, Baku, Tbilisi, Yerevan — has become a permanent threat.

It is hard to say which crisis presses President Gorbachev harder: the collapsing economy or the collapsing union. But, according to Alexander N. Yakovlev, one of Mr. Gorbachev's closest allies, the new generation of leaders had "just no idea" of the scale of the country's ethnic problems.

In Kazakhstan, Mr. Gorbachev wanted to break up the clan rule of Dinmukhamed A. Kunayev, who has been widely described since his removal four years ago as a corrupt leader who routinely brought Leonid I. Brezhnev expensive gifts. But Mr. Gorbachev apparently did not realize the implications of installing a "Moscow man."

Moscow had always treated Kazakhstan with colonial hauteur. Only three of the republic's 20 leaders since 1920 have been Kazakhs. And Mr. Kunayev, the last of the Kazakhs, was an instrument of Moscow, serving Mr. Brezhnev, the Communist Party general secretary, as a loyal Politburo member for a quarter-century.

The Kremlin also had used the vast republic, a land mass bigger than all of Western Europe, as a dumping ground for unwanted industries and people. Kazakhstan was used for nuclear tests in Semipalatinsk, for polluting industries that blackened the air and dried up the Aral Sea, for the exile of hundreds of thousands of people deported from other republics and for one of the biggest networks of prison camps and forced-labor sites in the empire.

In the last four years, nationalist movements took shape much faster in Soviet areas other than Central Asia. As openness increased, Kazakhstan became notable mainly for ecological disasters, not its level of ethnic protest. By the standards of Gorbachev-era politics, Kazakhstan was a sea of quiet.

No more. A week of interviews in Alma-Ata and in the mainly Russian-speaking city of Karaganda revealed a republic troubled by ethnic division and on the edge of rebellion against its decades of subservience to "the center."

Now the Kazakhs — who form less than half the republic's population of 16 million — are beginning to make demands similar to the nationalist movements in such places as Estonia and Latvia. There is talk of creating an economic federation of Kazakhstan and the other four republics of Muslims that stretch from the Caspian Sea to Mongolia.

At the same time, the Russian-speaking majority has grown anxious about its future. "There is already a Berlin Wall growing up in Kazakhstan," said Yuri Bunakov, a leader of the group Yedintsvo, or Unity, which defends the rights of Russian speakers in the republic. "They want us all to speak Kazakh," he said. "Suddenly, in this republic, we are all divided."

After the great 1986 storm began to recede, the issue that most galvanized Kazakhstan was the state of its environment. The Stalinist system of centralized commands had long ago determined that it would, quite literally, make a mess of Kazakhstan.

"Kazakhstan was the junk heap where Russia threw its garbage," said Mr. Suliemenov, the Supreme Soviet deputy. "Moscow decided that it could, with complete impunity, send all of its filthiest industries to the east. What's more, 93 percent of the industries here belong to the center. So we suffer, but we don't even profit. We are left deserted with a poisoned land."

Over the decades the Soviets have abused the Aral Sea, draining off the water to irrigate the cotton crop and reducing much of the sea to a sand bed. Beyond the calamity of a sea that is disappearing through human ignorance, the side effects in the region are devastating. The groundwater in the region is poisoned, which has dramatically increased rates of infant mortality and the frequency of serious illnesses.

Near the huge lead plants in the Chimkent area of southern Kazakhstan, Mr. Suliemenov said, "the air has been destroyed altogether." In Dzhambul, chemical plants have filled the air above the city with yellow phosphorus.

In Karaganda, the local population talks obsessively about the probability of high winds — the better to give some relief from the acrid smells of the local mines and metallurgical factories. In Ust-Kamengorsk recently, an explosion at a chemical plant sent a cloud of poisonous beryllium gas floating through the city.

Besides the many factories that foul the air and the sea, there have been hundreds of nuclear tests in Kazakhstan, first above ground and then below. When the human rights activist Andrei D. Sakharov was a young physicist in the early 1950s, developing the first Soviet hydrogen bomb, he worked at an outpost in the republic known only as "The Installation."

In his memoirs, Mr. Sakharov recalled his dawning horror as the first tests were carried out, remembering how he surveyed the scorched landscape and dead birds and heard reports that people in the area were dying of radiation poisoning. Later, Mr. Sakharov estimated that over the decades thousands of people would suffer illnesses as a result of the nuclear testing in Kazakhstan. The experience helped make him a dissident.

Last year, Mr. Suliemenov organized a movement to put an end to the nuclear testing in Kazakhstan. He won support by working within the republic's Communist Party, and he appears to have won assurances from Moscow that the tests will end.

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The Associated Press

Soviet students holding a hunger strike in Moscow on Thursday to protest the government's handling of Communist Party property.

Defying Gorbachev, Russia Shifts Gears

Compiled by Our Staff From Dispatches

MOSCOW — The Russian Federation, the most powerful republic in the Soviet Union, on Thursday formally launched a radical 500-day plan for changing over to a market economy.

The move puts the country's largest and most populous republic on a collision course with President Mikhail S. Gorbachev and the central government, which has approved an economic program that mixes elements of the 500-day plan with a more conservative plan.

The aim of the Russian plan, drafted by a team of economists led by Stanislav S. Shatalin, is to create a market economy by late 1992 through privatization and a gradual elimination of price controls.

The 500-day plan will be carried out in four stages — two of 100 days and two of 150 days.

During the first, 100-day stage, a committee will be created to coordinate the process throughout Russia, according to a copy of the plan obtained by journalists.

Privatization will begin, banking and land reform will be introduced and public spending will be cut. Private property rights will be guaranteed for Soviet citizens and foreigners.

Tight control of the money supply will help control inflation as prices are gradually liberalized, with price controls lifted initially only on luxury items.

A new, single commercial exchange rate for the ruble will replace the complex system of "coefficients" that govern exchange rates for foreign trade. A currency market will begin to be developed, with rates established by supply and demand.

In the 150 days of the second stage, price liberalization will be taken further and include the agricultural sector. Supply and demand will determine prices for a wide range of consumer goods and services, but not essential items.

By mid-1991, incomes should be linked to the rate of inflation. Credit will be tight and new tax measures will be introduced, forcing producers to respond more to the needs of the market.

Privatization will spread and many state enterprises will be transformed into joint stock companies. Inefficient enterprises may be forced to close.

In the third stage, of 150 days, privatization will continue. Ministries and other government bodies playing a management role in the economy will be abolished. Antitrust legislation will be introduced and competition encouraged.

More consumer goods should appear, but there may be a decline in heavy industrial output as a result of the changes. Small enterprises are expected to mushroom.

Currency auctions and exchanges should be operating and commercial banks should be dealing in currencies.

In the 100 days of the fourth and final stage, the market economy is expected to take off, led by light industry and food production.

Privatization will intensify and small businesses will get more support. Tariffs may be used to protect Russian firms against foreign competition.

Monetary policy may be relaxed and taxes on company profits reduced to boost economic activity. The economy will draw strength from foreign investment, technology and management skills.

(Reuters, AP)

U.S. Approved High-Tech Sales to Iraq

By Stuart Auerbach
Washington Post Service

WASHINGTON — Over the last five years, the United States approved for sale to Iraq $1.5 billion worth of computers, electronic equipment and machine tools that could be used in that country's programs to develop nuclear weapons, missiles and poison gas, according to government documents.

The list of sales includes computers that went to Iraq's Interior Ministry, its military college and research labs that are believed to be involved in missile, gas and nuclear programs. Other computers were sold to help Iraq analyze satellite photos. A steel-forging press was sold to the Ministry of Heavy Industries for use in Iraq's petroleum industry, but U.S. government officials said it also could be used by the military.

A congressional investigator looking into the government's policy on technology sales to Iraq said, "It's quite shocking when you see the kinds of materials that were sent."

The sales were the most visible manifestation of an American tilt toward Iraq in its punishing war with Iran. The tilt ended shortly before the Aug. 2 Iraqi invasion of Kuwait, although the Commerce Department unofficially began to slow down the process of issuing export licenses to Iraq last spring, officials said.

The officials added that 71 export applications, worth almost $30 million, were tied up by late July, when Secretary of State James A. Baker 3d asked Commerce Secretary Robert A. Mosbacher to impose more rigid controls on sales to Iraq. A few months earlier, administration sources said, the State Department had balked on imposing tighter controls.

Government documents show that the sales were approved by the Commerce, Defense, Energy and State departments and the intelligence agencies.

While former defense officials have said they tried to block some sales, the government documents show that the Pentagon declined to appeal differences with the Commerce Department to higher authorities in the administration.

Paul Freedenberg, the former Commerce Department undersecretary in charge of export controls, said he recalled four cases in which the Defense Department objected, but all four sales went through because the Pentagon did not appeal them. "It was U.S. policy to continue normal trade with Iraq," Mr. Freedenberg said.

Government documents show that total U.S. sales of high-technology goods surged in 1985 and 1986, reaching $780 million, but dropped down to $720 million over the four-year period from 1986 until the middle of this year.

TACTICS: *Commander Says Forces Can Destroy Iraq*

(Continued from page 1)

with overwhelming air strikes," the general said.

"Neither of those two things are going to happen," he said.

He said, however, that the Iraqis who are occupying Kuwait could seriously damage that country's oil facilities, which are said to have been wired with explosives.

General Schwarzkopf said there were no major problems of coordination among the multinational forces gathered here. In addition to the U.S. troops, these include thousands of British, Egyptian, French, Syrians, Moroccan, Pakistani and other forces.

"Anytime you have this many forces involved in an operation, it's complicated. It's complicated even if you have this many forces involved from only one nation. So, it is not a simple business at all, but I am satisfied that currently we have as good a coordination as possible, as could be asked for," he said.

The general said commanders of all the major armies here meet regularly and that he is in daily contact with General Khalid Ibn Sultan, the commander of the Saudi army of about 65,000 men.

"The navies are working excellently together," he said. "The air forces are working excellently together. Absolutely no no coordination problems at all. The armies, of course, are still in the process of arriving so you know you'll see more coordination, more exercising, in the future between the armies," he said.

Although he did not say so, the tone of General Schwarzkopf's comments left little doubt that while all the forces here are in theory under the command of the Saudi Arabia, if a war started, it would be American commanders who would assume the general direction of the battles and the allied forces.

He denied that Syrian forces, which number 4,000, may be pulled out as a result of recent discontent expressed in Damascus with the U.S. policy on Israel and the Palestinians and the criticism directed by American politicians at the Syrian regime, which has been compared to that of Mr. Hussein.

Asked about the sensitive issue of whether all the nations whose armies are gathered here agree on their strategic objective, and whether that objective is limited to liberating Kuwait or goes further, to the elimination of the Ba'athist regime in Baghdad and, perhaps, the physical elimination of the Iraqi leader himself, General Schwarzkopf said his military mission had three clear objectives.

One, he said, was the defense of Saudi Arabia. Another was the liberation of Kuwait and the restoration of its legitimate government.

The third objective, he said, was the establishment of stability and peace in the region, an objective which he conceded needed to be clarified.

"I would like to think that all of the nations involved here would have arrived at a consensus as to what the objectives are. I really don't think that I should be the person to decide these objectives," he said.

"I think that is something that all of the players need to, you know, have clear in their minds before any military action gets too far down the road," he said.

PLASTIC: *A Big Mac Dump*

(Continued from page 1)

plastic foam, and would "phase them into our restaurants as they become available."

McDonald's devised the phase-out plan with the Washington-based Environmental Defense Fund, a nonprofit group.

In Miami, a spokeswoman at Burger King Corp., a main competitor of McDonald's, said that the restaurant chain had used mainly paper packaging since its founding in 1954.

McDonald's, which operates 8,000 restaurants in the United States, says the foam helps hold in heat, protects the food from contamination and resists grease stains better than paper boxes.

But environmental advocates say the production process generates pollutants and note that the box has a useful life of only a few minutes, while it lingers for decades when it is littered or dumped in a landfill.

(NYT, AP)

WORLD BRIEFS

Israeli Warplanes Attack in Bekaa

JERUSALEM (Combined dispatches) — Israeli warplanes struck guerrilla targets in the Bekaa area of Lebanon on Thursday in the second raid on the country in eight days, the Israeli military command announced.

It said five fighter jets struck positions in the village of Majdal Balhees on the edge of the Israeli self-declared security zone 45 kilometers (about 30 miles) southeast of Beirut.

The raid was the 16th Israeli air strike this year. The last was on Oct. 24, when jets bombed what officials said were launching pads for rockets fired at targets in Israel. *(AP, Reuters)*

Blunder Keeps Chess Match Tied

NEW YORK (Reuters) — Gari Kasparov, the titleholder, and Anatoli Karpov, the challenger, stumbled through an error-filled evening before drawing the ninth game of their world title chess match. With grand masters predicting Mr. Kasparov to engage in another desperate fight for survival, Mr. Karpov committed the worst error of the match on Wednesday, losing a strong central pawn for no reason.

He was fortunate to be able to recover it two moves later, but his superiority was dissipated and he had to offer a draw. Mr. Karpov explained that he had intended another move first and had played his plan in the wrong order. When he committed the error, his opponent stared at the board wide-eyed, shaking his head in shock.

The players are now tied, 4-1/2 points to 4-1/2, in the 24-game series. Mr. Kasparov will keep his title if the match is drawn, 12 to 12.

U.S. Report Assails Ex-Housing Chief

WASHINGTON (AP) — Samuel R. Pierce Jr., secretary of housing and urban development in the Reagan administration, directed federal grants to political friends and later misled Congress about his involvement, possibly committing perjury, congressional investigators said Thursday.

In their report, they stopped short of saying that Mr. Pierce committed perjury or that he and others at the agency violated criminal laws. They said those questions would be left to the special prosecutor investigating the former secretary's actions.

The investigators found, among other things, that the housing department under Mr. Pierce was "an agency in total disarray and was woefully mismanaged." Housing programs established to help the poor were abused, and the department "was enveloped by influence-peddling, favoritism, abuse, greed, fraud, embezzlement and theft."

Record Soviet Immigration in Israel

JERUSALEM (AP) — The arrival of 21,000 immigrants in October, all but 1,000 of them Soviet Jews, has set a record in the current wave of Soviet immigration, Absorption Ministry officials said Thursday. A total of 134,500 immigrants have arrived so far in 1990. Of those, 122,000 were from the Soviet Union.

In October, the highest monthly immigration was recorded since the massive influx from 1948 to 1951, during Israel's first years of statehood. The previous high was in September, when 19,500 arrived, including 18,725 Soviets.

The immigration has increased unemployment and placed a strain on housing and government finances. Israel has budgeted $2.3 billion during the next three years for immigrant absorption and is seeking financial aid from outside sources.

U.K. Asylum Procedure Is Attacked

LONDON (Reuters) — Amnesty International criticized Britain's procedures Thursday for granting political asylum, saying they created the risk of sending refugees home to face imprisonment, torture or death.

The London-based rights organization asserted in a report that Britain's process for determining refugee status fell short of international standards in a number of important areas and should be independently reviewed.

According to the group, people seeking asylum have no guarantee of access to independent help and face an unreasonably long wait; there is a possibility of arbitrary and prolonged detention without any rights of appeal. The shortcomings "create a very real risk of individuals being expelled to countries where they face imprisonment, torture of death." Amnesty cited the case of a group of Kurds who were returned to Turkey last year despite allegations that their applications had not been properly examined.

Curfews Imposed Near Cape Town

JOHANNESBURG (AP) — The police imposed curfews and other restrictions Thursday on three black areas near Cape Town, but lifted similar measures from 11 townships outside Johannesburg.

The law and order minister, Adriaan Vlok, said late Wednesday that recent violence had made it "necessary to introduce extraordinary measures" in three townships outside Cape Town — Khayelitsha, Crossroads and Lingulethu. A 9 P.M. to 4 A.M. curfew went into effect Thursday in the townships, where hundreds of thousands of blacks live.

The measures announced by Mr. Vlok give the police additional powers to restrict demonstrations and other forms of protest, but are not as severe as measures imposed under a four-year nationwide state of emergency that was lifted in June.

Toll in India Temple Riots Tops 200

AYODHYA, India (AP) — Religious riots intensified Thursday, and the death toll in nine days of clashes rose to more than 200. The fighting was sparked by Hindu fundamentalists' attempts to replace a mosque with a temple to the god Rama.

News agencies and officials reported that at least 31 people died across the country on Thursday. They were killed in battles between Hindus and Muslims, or when police fired on mobs, or when victims died in hospitals of injuries suffered in earlier riots. At least 210 people have died since Oct. 24, when the fighting began.

Most of the deaths Thursday were in Uttar Pradesh, the state where the disputed shrine is located, and in Gujarat. Both states have a history of sectarian clashes.

Correction

Because of an editing error, a Washington Post dispatch from Beirut misstated a detail in the shooting death of Fares Mukheiber, a Lebanese Christian deaf-mute, who was killed by Syrian soldiers on Oct. 13. After he was shot, Mr. Mukheiber drove himself to the doctor but died later from his wounds.

TRAVEL UPDATE

Air New Zealand, to fight financial trouble, plans to dismiss more employees and raise its fares 15 percent on international and domestic flights, the carrier said Thursday. The latest job losses follow 600 dismissals earlier this year, when the airline quit its Fokker Friendship domestic flights. *(AFP)*

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	13	55	9	48	fr
Athens	27	81	19	66	fr
Barcelona	20	68	13	55	fr
Belgrade	23	73	16	61	cl
Berlin	16	60	9	48	sh
Brussels	13	55	8	46	fr
Budapest	10	50	9	48	r
Copenhagen	10	50	5	41	o
Costa Del Sol	24	75	15	59	fr
Dublin	10	50	4	39	fr
Edinburgh	10	50	1	34	o
Faro	22	72	9	48	fr
Florence	26	79	18	64	r
Frankfurt	13	55	7	45	cl
Geneva	11	52	7	45	sh
Helsinki	4	39	0	32	r
Las Palmas	26	79	19	66	fr
Lisbon	18	64	11	52	fr
London	13	55	5	41	fr
Luxembourg	9	48	7	45	sh
Madrid	14	57	4	39	fr
Milan	17	63	11	52	fr
Moscow	4	39	0	32	o
Munich	12	54	6	43	o
Nice	21	70	15	59	fr
Oslo	4	39	-1	30	o
Paris	15	59	6	44	o
Prague	9	48	8	46	sh
Reykjavik	1	34	0	32	cl
Rome	22	72	19	66	o
Stockholm	1	34	1	34	sw
Strasbourg	14	57	8	46	cl
Vienna	16	61	13	55	o
Warsaw	13	55	9	48	r
Zurich	11	52	7	45	o
MIDDLE EAST					
Cairo	34	93	18	64	fr
Istanbul	—	—	—	—	na
Moscow	—	—	—	—	na
Riyadh	34	93	20	68	fr
Tel Aviv	34	93	16	61	fr
OCEANIA					
Auckland	—	—	—	—	na
Sydney	29	84	19	66	fr

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	33	91	25	77	fr
Beijing	15	59	10	50	fr
Hong Kong	27	81	24	75	fr
Manila	34	93	25	77	sh
New Delhi	30	86	14	57	fr
Seoul	19	66	9	48	cl
Shanghai	25	77	14	57	fg
Singapore	29	84	24	75	sh
Taipei	28	82	23	73	r
Tokyo	21	70	12	54	fg
AFRICA					
Algiers	25	77	14	57	o
Cape Town	23	73	12	54	fr
Casablanca	23	73	16	61	cl
Harare	28	82	16	61	cl
Lagos	32	90	26	79	st
Nairobi	22	72	14	57	o
Tunis	30	86	15	59	cl
LATIN AMERICA					
Buenos Aires	28	82	12	54	cl
Lima	23	73	16	61	o
Mexico City	23	73	10	50	fr
Rio de Janeiro	—	—	—	—	na
NORTH AMERICA					
Anchorage	0	32	-8	18	pc
Atlanta	26	79	10	50	fr
Boston	16	61	9	48	fr
Chicago	27	81	12	54	fr
Denver	21	70	-1	30	cl
Detroit	21	70	7	45	fr
Honolulu	31	88	24	75	pc
Houston	28	82	17	63	pc
Los Angeles	20	68	15	59	pc
Miami	29	84	22	72	pc
Minneapolis	21	70	8	46	pc
Montreal	12	54	4	39	pc
Nassau	29	84	22	72	pc
New York	18	64	10	50	fr
Orlando	28	82	15	59	pc
San Francisco	20	68	11	52	fr
Seattle	10	50	5	41	pc
Toronto	19	66	7	45	fr
Washington	22	72	10	50	fr

cl-cloudy; fo-fogy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-shower; sw-snow; st-storm.

FRIDAY'S FORECAST — CHANNEL: Rough. FRANKFURT: Showers. Temp. 10 — 6 (50 — 41). LONDON: Showers. Temp. 10 — 4 (50 — 39). MADRID: Fair. Temps. 17 — 1 (63 — 34). NEW YORK: Fair. Temps. 21 — 12 (70 — 54). PARIS: Showers. Temps. 12 — 7 (54 — 45). ROME: Partly cloudy. Temps. 19 — 14 (66 — 57). TEL AVIV: Not Available. ZURICH: Showers. Temps. 12 — 6 (54 — 43). BANGKOK: Showers. Temps. 32 — 25 (90 — 77). HONG KONG: Not Available. MANILA: Fair. Temps. 33 — 23 (91 — 73). SEOUL: Cloudy. Temps. 19 — 9 (66 — 48). SINGAPORE: Showers. Temps. 28 — 25 (82 — 77). TOKYO: Fair. Temps. 21 — 13 (70 — 55).

In the Massachusetts Race for Governor, Political Outrage vs. Quiet Geniality

By Fox Butterfield
New York Times Service

BOSTON — In this state where voters seem implacably angry, John R. Silber is the prophet of the politics of rage.

Once again, Tuesday night, the Democratic candidate for governor had his Republican opponent, William F. Weld, on the defensive, pounding away in their last debate.

And once again, Mr. Weld seemed unable to seize the openings before him, to turn some of the Democrat's sometimes intemperate comments against him.

With six days until the election, the race is generally regarded as being neck and neck, with Mr. Silber perhaps having the edge.

In a poll published Tuesday in The Boston Globe, Mr. Silber led Mr. Weld, a former U.S. attorney, 46 percent to 37 percent.

It is possible, but by no means certain, that Mr. Silber's support could be even greater than the polls are showing.

In the primary election, surveys underestimated his strength, in part, some poll experts believe, because he cuts such an abrasive figure that people do not want to admit to poll takers that they will vote for him.

But whatever the polls show, there is no mistaking the response to Mr. Silber. He is the No. 1 topic. His I'm-fed-up-with-business-as-usual theme strikes home in a state whose current governor, Michael S. Dukakis, is widely blamed for an economic decline and state budget crisis.

Voters seem to see Mr. Silber, who is on leave as president of Boston University, as the Democrat who is not a Democrat, the politician who is not a politician. Mr. Silber has portrayed himself as an angry crusader for leaner, meaner government.

"In a normal year when voters are angry they would throw out the party in power, the Democrats, and Weld would win," said George Bachrach, a former Democratic state senator.

"But John Silber's anger matches that of the voters so well that he has made a visceral connection with them that transcends normal politics."

"It doesn't seem to matter what Mr. Silber says or who he offends," Mr. Bachrach added.

Still, Mr. Silber has alienated a number of voters in groups that make up major parts of the Democratic Party — liberals, environmentalists, feminists, blacks and homosexuals — with remarks that in other years might have sunk his candidacy. Democrats outnumber Republicans in Massachusetts by about 4 to 1.

His latest "Silber shocker," as his comments have come to be called, occurred last week when he said that "overweening materialism" on the part of two-career couples who put their offspring in child-care centers may constitute "child neglect."

"There is no question that we have a generation of neglected children," he said on television. "We have a generation of abused children by women who have thought that a third-rate day care center was just as good as a first-rate home."

Lin F. Kelleher, 33, a real estate broker from the Boston suburb of Arlington, reacted with outrage. "I'm a Democrat, but I'm voting for Weld," said Mrs. Kelleher, who has two children. "I think it is mainly just that Silber comes across looking like a maniac. He basically feels the woman's place is in the home."

But despite Mr. Silber's remarks, he led Mr. Weld by 10 points among women in the Globe poll.

Part of the explanation is that neither Mr. Silber nor Mr. Weld fits into easy ideological categories, with both men blurring the usual lines dividing liberal, moderate and conservative.

Despite Mr. Silber's comments on subjects like welfare mothers and black drug dealers that make him seem conservative, for example, many of his other positions are liberal.

He opposes the death penalty, he favors strict gun control and he advocates an ambitious program of preschool education to help working parents.

Mr. Weld, on the other hand, with a genial personality and easy sense of humor, often comes across to voters as moderate. His service as an assistant attorney general in the Reagan administration is offset by his strong support for abortion rights and the environment.

But he has come out against control of semi-automatic rifles, and he early on tied himself to a tax-cutting ballot measure sponsored by a conservative group, the Citizens for Limited Taxation.

Mr. Silber has never held or run for public office before. Mr. Weld ran for state attorney general in 1978 and was badly defeated.

In the absence of clear philosophical differences between the two candidates, it has been the tax-reduction referendum that has become the main issue in the race.

The initiative would roll back state taxes and fees to their 1988 level, forcing the next governor to cut roughly $1.2 billion out of the $13 billion budget in the first six months of next year and $2.4 billion more in 1992.

Initially, Mr. Weld seemed to be on the popular side of the debate, with polls after the primary election in September showing both the initiative and Mr. Weld in the lead.

But as the Massachusetts economy has continued to decline, with unemployment doubling in the past year to more than 6 percent, voters began to become anxious about the effects of such deep cuts on a broad range of state programs and services.

Mr. Weld's attacks on Mr. Silber, by contrast, seem unable to do damage. He has pointed out that Mr. Silber managed to become a millionaire while president of Boston University, technically a public charity, earning more than $275,000 from the school last year.

That made him by far the highest-paid university president in the country. His overall income was $522,600 in 1989, according to figures released by the Silber campaign.

Mr. Silber has said that he made his money in an entirely legal fashion and that he is proud of high salary because it reflects his accomplishments at the University.

Mr. Weld has also challenged Mr. Silber on why he did not file his 1989 federal tax returns by Oct. 15, the deadline required by law. But even after a spokesman for the Internal Revenue Service said Mr. Silber was in error, he has continued to insist on his correctness in delaying the filing of his returns.

■ **Boston Globe Backs Weld**

The Boston Globe endorsed Mr. Weld on Wednesday, saying he had the "disposition and character" to face the state's economic and fiscal problems, The Associated Press reported. The Globe said in an editorial that Mr. Weld and Mr. Silber were evenly matched on some scores but gave Mr. Weld the edge saying his leadership style was more likely to get results.

Wayne Partlow/Reuters

BE MY GUEST — Joan Mantegna gripping the neck of Saddam Hussein, alias Ruben Lazano, in a Falls Church, Virginia, store. Masks of the Iraqi leader were popular for Halloween this year.

Congress Moves to Control Secret Military Funding

By Robert Pear
New York Times Service

WASHINGTON — When Congress passed the 1991 military spending bill last week, it imposed little-noticed but significant new restrictions on the president's power to spend billions of dollars on classified programs.

While public attention focused on spending for the Strategic Defense Initiative and the B-2 bomber, legislators and administration officials were struggling over a section of the bill that requires the administration to use money earmarked for secret programs precisely as Congress prescribes.

At stake is control over a "black budget" of more than $35 billion hidden in the military spending bill for numerous secret weapons programs and intelligence activities.

To provide money for such programs while keeping the amounts secret, Congress every year buries the funds in the military budget. Outsiders who have scrutinized the air force budget, for example, say more than $3 billion is hidden away for the National Reconnaissance Office, which is responsible for developing, launching and controlling spy satellites.

In the past, Congress has attached classified reports to military appropriations, saying how this secret money should be spent. But the administration has treated the instructions in these classified "annexes" as mere expressions of congressional wishes rather than law.

Lawmakers said there were several major disputes this year over the administration's refusal to comply with secret directives from congressional committees on appropriations, armed services and intelligence.

For example, they said, the Defense Department refused to spend millions of dollars appropriated by Congress for strategic communications and reconnaissance programs, and flouted congressional instructions on the SR-71 Blackbird spy plane. And the CIA challenged congressional restrictions on spending for certain covert foreign operations.

President George Bush, Defense Secretary Dick Cheney and at least one air force general told Congress that they were not required to comply with such directives, because the restrictions were not in the statute itself and therefore did not have the force of law.

But just before it adjourned, Congress, in adopting new restrictions on the use of federal money for clandestine military and intelligence programs, also said the restrictions "shall have the force and effect of law."

When Mr. Bush signs the bill, the restrictions will be legally binding on federal employees, and Congress can monitor compliance through committees that oversee the Pentagon and the intelligence agencies.

The Pentagon is not happy with this new arrangement. In an Oct. 18 letter, Terrence O'Donnell, general counsel of the Defense Department, complained that Congress was enacting "secret law without debate, comment and consultation."

Senator Robert C. Byrd of West Virginia, a Democrat who is chairman of the Appropriations Committee, said the restrictions had been incorporated into the spending bill for the first time to ensure that the will of Congress would be obeyed when the administration spent "tens of billions of dollars" for foreign intelligence and military programs.

The administration "ignored or challenged" such restrictions when they were in reports, said Mr. Byrd, a zealous defender of congressional prerogatives. Lawmakers say that when it disregards Congress's wishes, the administration typically postpones decisions on how to spend the money instead, then redirects spending to other secret programs.

A new book on the government's secret spending, "Blank Check: The Pentagon's Black Budget," by Tim Weiner, says the classified budget for weapons and foreign intelligence came to $36 billion in 1989. That is more than the budget of the departments of Transportation, Education, Labor or Veterans Affairs.

The new statutory restrictions are another chapter in the annals of secret law, which date to 1811, when President James Madison covertly signed two bills giving him money and authority to seize Florida from Spain.

Leaded Water Still Taints U.S. Schools, Study Says

By Philip Shenon
New York Times Service

WASHINGTON — Four years after the government imposed tough rules to limit the amount of lead in drinking water, federal auditors warn that hundreds of thousands of U.S. children may still be drinking lead-contaminated water at school.

The auditors said in a report completed last month that state agencies and the Environmental Protection Agency were failing to enforce laws requiring school districts to test water for dangerous levels of lead.

The laws were imposed after it was determined that some coolers and fountains could taint drinking water with lead.

The school districts in the survey conducted limited testing, if any, of their water and did not follow federal testing standards.

"Our findings confirm that harmful amounts of lead exist in the drinking water provided by schools," the auditors said. "We believe that both EPA and the states must be more aggressive in eliminating the health hazards imposed by lead in drinking water."

Even in trace amounts, lead can do severe damage to the kidneys, brain and circulatory system.

Children and pregnant women are at greatest risk. Lead is a toxin that, in relatively low dosages, is particularly harmful to the developing brain and nervous system, causing serious and largely irreversible damage in youngsters.

Fetuses and children under 7 are particularly vulnerable because, with small body mass, they ingest and absorb more lead per pound than adults.

The environmental agency has estimated that each year more than 250,000 U.S. children are exposed to lead in drinking water at levels high enough to impair their intellectual and physical development.

The audit comes as state and federal officials are being questioned about their failure to enforce laws intended to remove lead-based paint from federally subsidized housing.

Four years ago Congress adopted measures intended to reduce lead contamination in drinking water, including a nearly total ban on lead materials in new plumbing and a requirement that water suppliers notify customers about lead levels.

In 1988 lawmakers approved the Lead Contamination Control Act, which is directed at removing lead from water in public and private schools.

The act required state and federal agencies to set guidelines and assist schools in testing their drinking water and banned the interstate sale of water coolers that release dangerous levels of lead.

Under terms of the act, all faulty water coolers should have been repaired or removed from the nation's schools by February 1990. But, the auditors said, "We found that states were not complying with these requirements."

The government has set the maximum contamination level for lead in drinking water at 50 parts per billion.

But documents issued by the environmental agency to assist schools set the limit at a lower level — 20 parts per billion — and the agency has formally proposed that the level should eventually be set at zero.

U.S. Prisons Find Harsh Measures Make for Less Violence by Inmates

By Daniel Pedersen
New York Times Service

FOLSOM, California — After the killing of a guard at Folsom Prison in 1987, the warden ordered all furniture removed from the cells in the violence control unit, the isolated "prison within a prison" that is reserved for unruly inmates.

The beds in the cells were replaced with concrete slabs, and the electrical outlets were sealed. Some inmates were forced to wear leg irons and handcuffs while they exercised in the prison yard.

These and other harsh measures are now the subject of inmate lawsuits, but they apparently served their purpose.

Assaults at Folsom dropped 70 percent in four years, from 6.9 per 100 inmates, in 1985, to 1.9, in 1989.

Despite a steep rise in the nation's prison population in the 1980s, stories like Folsom's are being repeated all over the country.

Prison officials, emboldened by a public mood that brooks no patience for criminals, say they have taken greater control of their institutions.

Inmate killings have fallen sharply. And although the assault rate has risen, the increase has not been as rapid as experts had expected. In several states, including California, the rate has declined.

Prison officials credit stricter policies, better design of space, tighter controls and better training for guards.

"The people who run prisons are saying, 'We're not going to take this baloney from inmates anymore,'" said Anthony P. Travisono, executive director of the American Correctional Association, which represents prison workers.

Critics warn that greater isolation and harsher treatment of inmates could backfire when the convicts are released.

"After you've kept someone in that setting, they have been socialized in dangerous ways by the time they're released and try to cope in society," said JoAnne Page, executive director of the Fortune Society, an advocacy group in New York for former inmates.

The decline in prison killings has confounded many experts' expectations that overcrowding would fuel violence.

"Many of us in the field are really puzzled by what's happened," said Thomas A. Johnson, chairman of the Criminal Justice Department at the University of California at Sacramento. "In part, we're finding that the movement of inmates is now being more controlled than it was some years ago."

Some critics argue that relative lack of violence in prisons indicates that many inmates are not violent and do not belong in prison.

But Robert Blecker, a New York Law School professor who has studied prison behavior, said the situation reflected a more ominous change among young lawbreakers.

"Strange as it sounds to say," he said, "kids on the street aren't fighting enough. There is very little proving of toughness and manhood through physical fighting. That was the traditional way to settle a beef. Now it's with guns.

"There are very few guns in prison. And since these kids don't fight, they're less inclined to make a shank and stab someone, which involves fighting. So stabbings in penitentiaries are down." A shank is a homemade knife.

"It's an irony," he added, "that as the streets get less safe, the prisons get safer."

From 1984 to 1988, when the number of inmates in state and federal prisons rose 35 percent, the number of inmates killed by other inmates fell from 111 to 61, according to the correctional association.

The rate of assaults by inmates on prison staff members rose 53 percent in the same period, less than experts had expected.

As at many other prisons around the country, officials at Folsom have taken steps to break the hierarchy of gangs, which once virtually ruled the institution.

When Robert G. Borg became warden in 1985, he moved gang leaders to isolated cells and banned all gang insignia inside the prison.

After the killing of the guard, he ordered the crackdown in Folsom's violence control unit.

Metal detectors have been installed in some prisons in Texas, where the number of homicides in penitentiaries fell from 25, in 1984, to 1, in 1989.

In some states, declines in the rate of assaults have been attributed to new prison designs, which have eliminated blind spots.

N.Y. Daily News Keeps Publishing Despite Strike

New York Times Service

NEW YORK — The Daily News, digging in for a long war of attrition with its unions, has won over more striking newsroom employees, including four sportswriters who crossed picket lines.

With the latest defections Wednesday from the weeklong strike — all involving members of the paper's largest union, the Newspaper Guild — almost half of the News' 25 sportswriters and all but one of its 30 unionized photographers have gone back to work.

Their decision to return means that the 71-year-old Daily News may be able to return to a semblance of its former self. Since the bitter strike erupted, its pages have been filled with news agency copy and articles prepared by an overworked staff of management supervisors and out-of-state editors.

Management found itself struggling harder than ever Wednesday to find outlets for the paper and to hold on to increasingly jittery advertisers.

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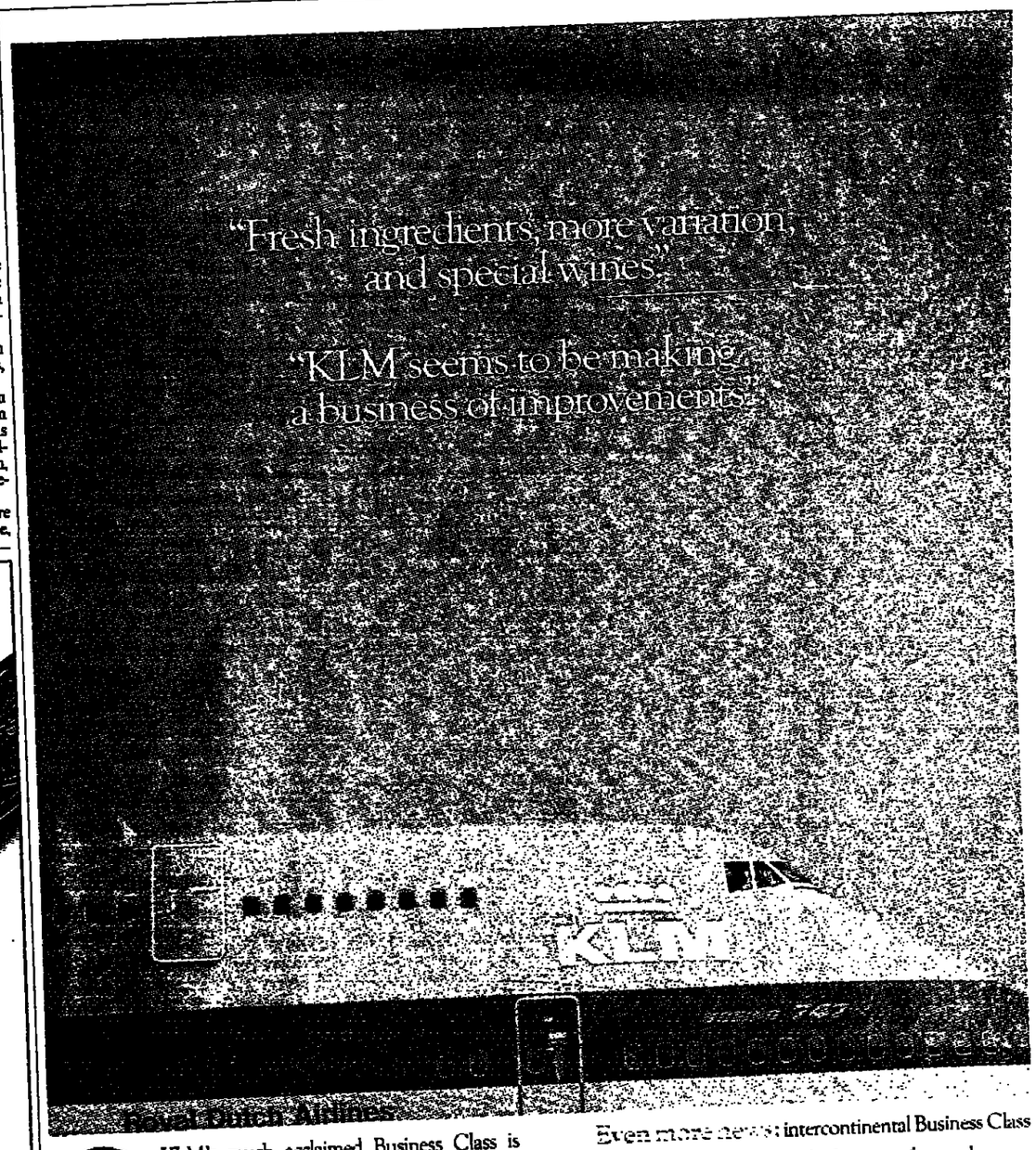

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OPINION

Deepen the Alliance

The split developing between the Soviet and French approaches to the Iraq crisis and the American approach would be less unsettling if it seemed more the product of design. There is a case for used-car-lot diplomacy, one "salesman" playing the soft touch and the other the tough guy. Unless some subtle maneuver has eluded us, however, that does not seem to be the situation here.

While President George Bush is firmly insisting that Iraq's contempt for United Nations resolutions could yet lead to war, President Mikhail Gorbachev is saying that it is "unacceptable to have a military solution." To Washington, Saddam Hussein is a match for Hitler, but to Moscow and Paris he is a worthy partner in a settlement. These differences seem less nuances contrived for diplomatic effect than embarrassments emerging among countries formally pledged to face the crisis as allies.

The person most alert to these strains is Saddam Hussein. He is strewing hints of a policy change across the diplomatic landscape. His evident purpose is to shed the role of aggressor and be accepted as a moderate struggling to save the region from an obsessed and dangerous George Bush. To the Soviets and French, he apparently has offered to release his thousands of hostages if the two governments will make a public commitment to a peaceful solution. Such a commitment would, of course, crack the Security Council consensus on which the UN encirclement of Saddam Hussein rests.

Especially at a moment when Mr. Bush's domestic frustrations are in plain view, there is not much point to his going around declaring that a war option still exists. The effort puts a burden of policy justification on him when that burden had better be left on Saddam Hussein. The message of military readiness is more reliably sent by the stationing of allied forces and the dispatch of reinforcements. In the United Nations resolutions — a new one on reparations was adopted this week — the United States already has a broad, right, necessary and agreed platform for an allied (not just an American) political settlement.

That Saddam Hussein is testing to see whether he can split the alliance and whittle down the UN terms does not mean he is going to get away with it. Washington need not stand nervous and bewildered while this form of bargaining goes on. It should be deepening its consultations to draw the allies toward a common position on when and how Iraq's defiance will leave no choice but force. That is the best way to make allied diplomacy work.

— *THE WASHINGTON POST.*

Broaden the Debate

President Bush is clearly seeking ways to put new pressure on Saddam Hussein. But he is floundering. He warns Iraq that he is prepared to attack, and snarls at mistreatment of American hostages. In the next breath, he tells Congress that U.S. troops in the Gulf are in no imminent danger of war. He cannot have it both ways and still send a credible message.

There is a better way: Invite Congress to debate the question of what happens if his present strategy of economic sanctions and military buildup fails to move Iraq. Mr. Bush has been reluctant to do that. Instead he hints at going to war on his own authority. He misses a chance to rally Americans behind his strategy and truly show Iraq that America intends to stay the course.

Why debate the possibility of war at all, especially if such a debate reveals serious disagreements, and thus risk increasing Saddam Hussein's intransigence? One reason is that for the president not to take the people into his confidence now invites recrimination later if war in fact occurs and casualties mount. And the other side of the coin is even more urgent. To move Saddam Hussein out of Kuwait without a war, Mr. Bush needs both economic sanctions and a credible threat of war. To make it credible, he has to convince Iraq the American people back him all the way.

Some people suggest one way to begin the discussion would be for either Mr. Bush or Congress to invoke the War Powers Act. The act allows the president to dispatch troops abroad but requires that they be withdrawn within 60 days unless Congress votes for them to remain. Mr. Bush has shied away from invoking the act, contending U.S. troops are in no imminent danger of hostilities. Closing its eyes, Congress accepted his claim, and then authorized him to call up reserves for 360 days without declaring a state of emergency.

Mr. Bush seems intent on going it alone. "History is replete with examples where the president has to take action," he said.

He'd do well to reflect further on precisely those examples. Harry Truman, fearing a partisan debate over Korea, avoided Congress and went to the United Nations instead. That cost him popular support. Lyndon Johnson, instead of debating his Vietnam strategy openly, escalated by stealth. That undid his presidency. And Richard Nixon made war on Cambodia without telling Congress. That alienated even some of his own partisans.

Presidents pay when they do not come clean with Congress. And there are other ways for Mr. Bush to do so short of the War Powers Act or a declaration of war. Congress could reconvene after the election next Tuesday and hold hearings on his Gulf strategy. And the president could seek a joint resolution endorsing that strategy.

Mr. Bush and Congress have a duty to discuss and explain the circumstances under which they might take America to war, their reasons for doing so and the ends for which the war would be waged. The better the explanation of the policy, the more the public will support it. The more the public supports it, the less likely war becomes.

— *THE NEW YORK TIMES.*

Wrangling Over Crime

To get a crime bill acceptable to the entire Congress, House and Senate negotiators struck a last-minute deal that scrapped many high-profile provisions. Out went death penalty proposals dear to the Bush administration. Out also went measures the administration strongly opposed, notably the Racial Justice Act, a measure to combat race bias in capital punishment.

What is left is a modestly useful law that includes tougher measures against child abuse and white collar crime, including fraud by officers of savings and loan institutions. It also provides for federal aid to local law enforcement. But Attorney General Dick Thornburgh is incensed. Dropping the death penalty expansion, he says, is "welcome news only to violent criminals."

Mr. Thornburgh says he cannot understand "why some on Capitol Hill have such difficulty in passing a crime bill which is pro-law enforcement instead of pro-criminal." What intemperate language for the highest-ranking lawyer in the executive branch — and what odd priorities.

Where is the lament for failing to disarm those who traffic in assault weapons? Law enforcement officers across the country sought a broad ban on both imported and domestic assault weapons, but the administration lined up instead with the gun lobby. That would put the administration, if one accepts Mr. Thornburgh's Manichaean outlook, on the "pro-criminal" side.

The administration wanted to add 32 crimes to the federal offenses punishable by death. Contrary to all canons of local responsibility, one would have been any drug-related homicide, thus federalizing hundreds of crimes that have always been state or local in nature. The bill would have denied hundreds of condemned inmates the right to challenge their sentences in federal court and would have eliminated previous safeguards for adequate defense counsel in capital cases.

The racial justice measure drew the most vehement opposition. It would have allowed defendants facing the death penalty to raise an inference of racial discrimination in a state's or county's administration of the death penalty — an inference the prosecution could overcome with evidence that law enforcement was racially neutral.

The White House threatened to veto the entire crime bill, with all its pro-execution ideas, if it contained that small safeguard against racially slanted capital punishment. Just as adamantly, House and Senate members insisted no crime bill so heavily loaded for death would pass without a modicum of racial justice and safety from assault weapons. Instead of the attorney general's sour denunciation, they deserve respect.

— *THE NEW YORK TIMES.*

Other Comment

Aquino's Debt to the People

Corazon Aquino must know she is now widely seen as a disappointment. But she is not a prime minister and even if it were consistent with her commitment or her desire, resigning is not compatible with the institution of presidency. The next election is in May 1992. So she is stuck in office [until then]. And Filipinos — short of throwing in their lot with the next coup-plotter — are stuck with her.

What Mrs. Aquino owes the people who stared down President Ferdinand Marcos's tanks and put her in the palace is a year and half of accelerated action. She should identify specific problems and work toward solving them. The country is in too much of a mess for her to go after the big issues. At this late stage, she will have to leave them to her successor, one of the eight or nine strong, confident men waiting impatiently for 1992: land reform, the energy crisis, the population explosion, insurgency, indiscipline in the military, restoration of business confidence.

But Mrs. Aquino could attack corruption. She could pare back a bureaucracy swollen 50 percent since Mr. Marcos fled. She could trim the budget, three times what it was then. She could cut red tape, tackle appalling urban services. The Philippines' neighbors hope that Mrs. Aquino will concentrate now on readying the nation for economic takeoff and social stability. If her fiercest critics have their wits about them, they will help her.

— *Asiaweek (Hong Kong).*

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For China and Syria, The Agenda Is Clear

By Jim Hoagland

WASHINGTON — "Will democracy emerge by itself at the end of a natural and necessary evolution? Certainly not. On the way toward democracy, the smallest victory will exact a terrible price. Let us have no illusions: Democracy will be reached only after bloody sacrifices."

These prophetic words about China landed Wei Jingsheng behind bars 12 years ago. He is still imprisoned in Beijing for telling the truth in a wall poster and criticizing the elderly tyrants who run the Communist Party. Describing democracy as the essential "modernization" needed by Chinese society, Mr. Wei's historic poster foresaw both the demands of the protesters in Tiananmen Square and the gerontocracy's horrifying response in June 1989.

Now in prison with Mr. Wei are Wang Dan, Liu Xiao Bo and thousands of other of his spiritual offspring who made the Tiananmen protest. Their cause, once the center of international concern and action, has been pushed off television screens and newspaper pages in the West by the Gulf crisis.

China's patriotic dissidents risk becoming casualties of the diplomacy of the Gulf crisis. The man who put them in prison, Prime Minister Li Peng, bargains China's support for the anti-Iraq coalition in return for international acceptability for his blood-stained regime. Mr. Li has been able to consolidate his once tenuous hold on power by making China seem not to be the international parish his critics claim.

The democracies of the West are in danger of letting the urgent need to halt Saddam Hussein's human-rights abuses in Kuwait create political windfalls for other notorious tyrannies in the world. The United States and its European allies need to act to dispel the spreading impression that key partners in the coalition against Iraq, such as Morocco and Turkey, can expect a free ride on human-rights abuses at home in return for support for human rights in Kuwait.

China and Syria provide the clearest, most important cases of nations trying to climb out of their own holes on the backs of the Kuwaitis. Both have been the target of international sanctions for their misdeeds. Both hope to get those sanctions lifted by joining the campaign against Iraq.

"We told the Chinese that there are two kinds of sanctions — those that get imposed and those that get lifted," a Western diplomat in Beijing told an American visitor recently. "They got the message."

The hidden agendas of Beijing and Damascus are scarcely hidden at all. And that may turn out to be the saving grace for Western democracies in this dilemma. Trade-offs should be manageable as long as the limits of cooperation are kept clearly in mind and hidden agendas do not become more important than the campaign to get Iraq out of Kuwait.

The United States should not fall into the trap of believing the actions of China and Syria show that these two leopards are changing their totalitarian spots. Cooperation in the Gulf is a useful tool, not an act of salvation that transforms a regime's nature.

The decision by the European Community's foreign ministers meeting in Luxembourg to resume high-level contacts with the Chinese helped produce China's UN vote this week for the ninth Security Council resolution condemning Iraq's occupation of Kuwait.

But spokesmen for the Community, which was following in the footsteps of the Bush administration's secret diplomatic missions to Beijing, also stressed that the ban on military sales to China would remain in place as long as the stain of Tiananmen clings to China's leadership. By expressing Western gratitude for China's cooperation on Iraq and the continuing Western condemnation of China's refusal to grant its citizens political freedoms and to heal the wounds of Tiananmen, the Community created a useful model for Western statements on China's new international role.

The same restraint is needed with Syria. President Hafez Assad has his own reasons for wanting to see Saddam Hussein fail in Kuwait. And Mr. Assad is shrewd enough to recognize that the collapse of Soviet global ambitions means that Syria's room for maneuver against U.S. policies in the Middle East is greatly reduced.

President George Bush expressed the wish in an Aug. 7 meeting with the Syrian ambassador here "to turn a new page" in relations. But without significant changes in Syria's attitude toward its own citizens and neighbors, Washington will not be able to build a stable relationship with Damascus.

"You do not want to make an alliance with Assad," a French diplomat recently advised an American official. "He will do things to you that you are not prepared to do to him."

The Bush administration has to begin thinking now about the problems that success in the Gulf could bring. Illusions about the usefulness of one tyrant (Saddam Hussein) helped create the current mess. Forcing Saddam Hussein out of Kuwait can and must be accomplished without sacrificing Wei Jingsheng, Wang Dan and others who have fought for freedom in their homelands.

They and their cause must be part of the new international order.

The Washington Post.

"Thank goodness you're here, Dr. Assad, to help me control this monster I made!"

Cambodia: From the Depths of Despair, Talk of a 'Red Solution'

By James Pringle

O KOKI, Cambodia — The people tottering back from a government-sponsored rally in this resettlement camp near mountains southwest of Phnom Penh carried placards, some in English. One of them read, "Long live the glorious state of Cambodia."

The rally was in support of the policies of the Phnom Penh government in negotiations with the Khmer Rouge and two non-Communist guerrilla groups that have banded together to fight the regime installed by Vietnamese forces in 1979. But the inhabitants of O Koki, who had been removed by the government from an area of increased Khmer Rouge activity, were in no state to be attending any kind of rally: They were weak and hungry.

The slogan in English on the placard seemed to mock them: There is nothing glorious about a country on its knees, exhausted by war.

The Khmer Rouge have not changed. They have been entering villages to demand rice at gunpoint, and at times shooting people who refused to hand it over. They also launched a new attack on a train, the third this year, killing 50 people.

The two main Communist antagonists in Cambodia, the Khmer Rouge and the Phnom Penh regime (80 percent of whose senior leaders are former Khmer Rouge), are building up for a new military trial of strength in the dry season which is about to begin.

Vietnam, which announced in September 1989 that it had withdrawn the last of its forces from Cambodia, has increased the number of military advisers and specialists remaining in the country to help meet anticipated Khmer Rouge attacks.

The guerrillas will try to seize more territory, perhaps a provincial capital. But although the Khmer Rouge are reported to have received 20 aging tanks from China some time ago, they are not strong enough to attack Phnom Penh or take over the country. The Khmer Rouge is continuing what it does best: laying mines and spreading propaganda among the poorest Cambodian peasants.

The five permanent members of the United Nations Security Council — the United States, the Soviet Union, China, Britain and France — may think that they are making progress toward peace in Cambodia, but things look pretty much the same on the ground as they did months ago.

In Phnom Penh, hardline Marxist conservatives under Chea Sim, chairman of the National Assembly, have elbowed into the driving seat. They have pushed aside Hun Sen, the prime minister, and other reformers. The Phnom Penh regime is against dismantling itself in any way and giving the United Nations a strong role in any peace settlement.

For a correspondent who covered the war in Vietnam, there is a sense at O Koki of history repeating itself. The population is forcibly removed by the government so that it does not provide food and arms for the enemy. In effect, O Koki is a South Vietnam-style strategic hamlet, around which the Khmer Rouge are probing.

People here have to attend rallies and cheer the government. But since they have had to abandon their rice fields and draft animals, they do not have enough to eat. As in the past, those who live in the countryside are bearing an unequal share of the burden of war while corruption is rife in the capital.

It is all so familiar that it is no wonder the Cambodian population, traditionally optimistic, is in the depths of the despair.

"I don't know when peace will come," said a 20-year old girl in a country market far from Phnom Penh. "Every time they talk about peace, there is more fighting."

Now a new fear has come to haunt Cambodians. There is talk in Phnom Penh about a possible "Red solution": Vietnam and China getting together again to solve the Cambodian conflict. Such a solution would see the two warring halves of the old Cambodian Communist Party — those in the Khmer Rouge and those in Phnom Penh — being forced to cooperate by their mentors in Beijing and Hanoi.

The leaders of China and Vietnam, profoundly shocked by the disappearance of communism in much of the Soviet Union and Eastern Europe, met recently to discuss term for repairing a once-close relationship that was ruptured when Vietnamese troops invaded Cambodia in 1978.

Some Phnom Penh officials say privately that such a "Red solution" would be unthinkable, that their regime would never be forced into a deal with the Khmer Rouge under whose rule perhaps [illegible] died.

But hard-line Marxists are now in control in Phnom Penh as well as Hanoi and Beijing. For them, the idea of saving Cambodia for communism may be appealing.

The writer, a former correspondent for Reuters and Newsweek in Asia, contributed this comment to the International Herald Tribune.

Isolate the Khartoum Regime and Close Down the Killing Fields

By Roger Winter and John Prendergast

WASHINGTON — Three things come from the sky for the people of war-torn southern Sudan: rain, bombs and — decreasingly — food. While the rain has not come for a year, the bombs come almost weekly in some places. And now, tragically, the erratic food line is being diminished by Western governments understandably angered by the Sudanese government's alliance with Suddam Hussein and reported diversion of Western food to Iraq.

Since 1988, as many as a half-million new graves have been dug quietly in Sudan. Replacing the Cambodia of the 1970s and Ethiopia of the 1980s, Sudan now clearly hosts the world's most lethal killing fields.

This did not have to happen, and it doesn't have to continue. In order to avoid massive loss of human life, Western governments will have to employ flexible, more creative approaches than they have so far — approaches that save the lives of Sudanese civilians despite the obstacles the government interposes.

Successive Sudanese governments, until recently, have been important geostrategic allies for the United States. However, the current Islamic fundamentalist military regime in its year and a half in power has set new standards for aberrant action. It has regularly bombed civilian targets in its war against the rebel Sudan People's Liberation Army; detained more political prisoners than any other country in Africa during the past year; banned all political parties, newspapers, unions and professional associations; cut off food to civilians in many areas; robbed women of most of their rights, and shown no interest in ending the civil war.

Nevertheless, the U.S. State Department until recently had cozied up to Khartoum, just as it did with Iraq before its invasion of Kuwait, despite both countries' extraordinary human rights violations. The department continued to assist the Sudanese government through multilateral institutions.

But now that Sudan is supporting Saddam Hussein, the State Department has become harshly critical of the Khartoum regime. One State Department official called it the Khmer Rouge of Africa.

Better late than never. But now, even though drought layered upon civil war has placed up to 11 million people at risk of starvation in Sudan, some Western governments are not responding appropriately to the humanitarian crisis. Some are actually reducing humanitarian aid. This response is indefensible.

The economic pressure caused by the U.S.-orchestrated worldwide embargo against Iraq is the linchpin of the international strategy against Saddam Hussein, as it has been against apartheid in South Africa. These same measures should now be implemented against Khartoum.

The United States and other Western governments that have continued to support the Sudanese government through the World Bank, UN development assistance, the African Development Bank and a variety of trade agreements should just say no.

Working through the Security Council, a complete embargo on trade and nonhumanitarian aid should be imposed to change the brutal behavior of General Omar Hassan Ahmad Bashir against the Sudanese people and to recreate a comprehensive, humanitarianly neutral relief and rehabilitation operation.

But what about the people whose rapidly dwindling food stocks continue to be politically manipulated? Practical steps need to be taken now. Since 1987, there have existed alternative routes for food, medicine and other rehabilitation supplies originating in Kenya and Uganda. The United Nations helped expand these routes through Operation Lifeline Sudan.

Western governments and the United Nations have an obligation now to massively expand the carrying capacity of these routes and to extend them farther into Sudan. New routes from other contiguous countries should be opened. The relief network — consisting of the Sudan Relief and Rehabilitation Association, the relief arm of the Sudanese rebels; the New Sudan Council of Churches, and the many nongovernmental organizations operating throughout rebel territory in the south — needs to be strengthened.

Western governments should continue to negotiate with the Sudanese government for windows of opportunity to get food directly to affected communities and to re-establish some kind of basic agreement for the equitable delivery of food to civilians in both the government and rebel-held areas.

The top priorities of U.S. foreign policy should be to isolate the current regime, to get food to all people where they are and to support local initiatives for self-reliance to protect people from the worst ravages of this merciless civil war.

Roger Winter is director of the U.S. Committee for Refugees, and John Prendergast is a research associate of the Center of Concern. They contributed this to The Washington Post.

In Norway, Winter Has Come Early

By John C. Ausland

OSLO — As the cold winds of winter sweep in from the Arctic, the euphoria in Norway that culminated in the award of the Nobel Peace Prize to Mikhail Gorbachev is evaporating. The fall of the fragile nonsocialist government led by Jan P. Syse is only the most recent reminder that Norwegians are torn by conflicting tensions.

On the one hand, they worry that they are a small country which neighbors and allies will neglect. On the other, they have trouble moderating their innate assumption of uniqueness.

So while most people in the political establishment want to become "Europeans," it is hard to get a consensus on how to go about it.

The shipwreck of the Syse government came as no surprise. When it was formed after the 1989 elections, political observers assumed that it would one day run onto the rocks. Mr. Syse's Conservative Party favors membership in the European Community, but the Center (farmers) Party is strongly opposed.

It was only a question of time until an insurmountable obstacle arose in negotiations between the European Free Trade Association, EFTA, and the European Community over a marriage of convenience. After swallowing some bitter pills, the Center Party gagged on EC insistence that foreigners be able to own property in Norway.

The Center Party not only scuttled the Syse government but decided that a Labor Party government was preferable to one consisting only of Mr. Syse's party. This was not because a Conservative government would control an even smaller minority in parliament than Labor. It was because the Labor Party has people within it who also oppose membership in the Community.

The Conservative Party was not helped by the financial scandals that have plagued it recently and driven its popularity down. Exposures have touched Mr. Syse and forced the longtime mayor of Oslo, Albert Nordengen, to resign. Norwegians have found these revelations deeply demoralizing.

Gro Harlem Brundtland is now forming her third government, two of which have followed the collapse of nonsocialist governments. She takes up this task with no official enthusiasm, since the Labor Party leadership would have favored going into the 1991 local elections in opposition.

On the European Community question, several factors help her. The Community has made clear that it will not consider membership applications at this time, so she can avoid grasping this nettle. And people on the left of her party have been easing away from opposition to membership, in the belief that the European Community offers an alternative to close ties to the United States.

Indications that economically ill Sweden is moving toward joining when Brussels reopens its portals have heartened those Norwegians who favor membership. It is conventional wisdom here that if Sweden goes in, it will be impossible for Norway to stay out.

Mrs. Brundtland has more immediate problems. The most pressing are the economy and the EFTA negotiations with the Community. No Labor government can be seen to tolerate the present high level of unemployment. The next government will be more willing than the last one to take advantage of the money pouring into the treasury from the North Sea as a result of the Gulf crisis. How Mrs. Brundtland will thread her way through the mine field between Oslo and Brussels is another question.

In the meantime, Norwegians have been slow to focus on the effect of events in the Soviet Union and the Gulf on NATO. In the last decade the Pentagon has built up a logistic base in Norway that for the first time has given this country a decent defense posture. With the reduction of U.S. forces in Europe and the Pentagon's preoccupation with the Gulf, the question arises whether this will deteriorate.

Already, U.S. ability to exercise in this area has diminished. The U.S. Navy withdrew from the Teamwork exercise last fall. A Marine Corps unit that was planning to come to Norway early next year for an important exercise is now in the Gulf area. Reports that the Germans want to reorganize the NATO command structure in northern Europe in a way that would leave Norway isolated on the northern flank have not helped.

The Kremlin is not reducing Norwegian anxieties. Norwegians are aware of what is happening in the Soviet Union, but the continuing military buildup on the Kola Peninsula worries them.

The Soviets have added salt to the wound by starting nuclear testing on the Arctic islands of Novaya Zemlya. The warm feelings that Norwegians had for Mikhail Gorbachev when the Nobel committee awarded him the peace prize have abated. Soviet officials have said that their tests will continue until the United States agrees to stop all testing. If other tests take place in the coming weeks, Mr. Gorbachev can expect more than the weather to be cool when he comes to Oslo next month to collect his prize.

International Herald Tribune.

100, 75 AND 50 YEARS AGO

1890: Toddlers and Kings

PARIS — Holland is now to be added to the list of European Kingdoms with Monarchs who do not reign. The small King of Servia, the baby King of Spain, and the little girl who is to be Queen of Holland will be for some years to come under tutors and governors, while the mad King of Bavaria will remain to the end of his days a prisoner in his palace. There is no reason that the formal recognition of the fact that King William III is incapable of ruling will have any disturbing effect in Holland. His incapacity has been for a long time notorious.

1915: Day of the Dead

PARIS — Perhaps never before in its history has Paris faced the annual occasion devoted to the memory of its dead with so great emotion as this autumn. After a year and a quarter of the most devastating war in history there remains scarcely a family that directly or indirectly has not already paid its contribution to the human cost of the conflict.

1940: 13 Ships Are Sunk

BERLIN — German dive-bombers, screaming down on three British convoys off the shores of Great Britain today, sank thirteen ships, including one cruiser, totaling 47,000 tons and damaged badly nine others, aggregating 36,000 tons, D.N.B., the German official news agency, said tonight [Nov. 1]. The Nazi attacks occurred, the agency said, as the convoys approached harbors on the southeast coast. One attack, it said, was in the mouth of the Thames River. Near Great Yarmouth, D.N.B. declared, a lone Heinkel bomber sank a protecting cruiser and three freighters out of a convoy. Stuka dive-bombing planes accounted for nine merchantmen, the agency had reported earlier, in an attack off Sheerness, south of the Thames Estuary.

— *From the New York edition of the New York Herald Tribune.*

OPINION

The Way to Beat the Iraqi: A Second Front in Turkey

By William Safire

WASHINGTON — What European member of NATO has the largest standing army? What NATO nation borders on Iraq?

The answer to both: Turkey. That nation of 55 million people has armed forces, including gendarmerie, of 750,000; Iraq, by contrast, has a population base of 13 million, not counting its persecuted Kurds, and an army of 550,000 (three-fourths now in Kuwait) with reserves of another half-million.

Saddam Hussein, contemplating the next phase of his war against the world, is willing to gamble that he could endure bombardment from the air. And he hopes to bog down the combined Western-Arab armies moving up from the south into Kuwait — at least long enough to let cries of compromise rise in the West.

But what if there were a second front? That's what defeated Adolf Hitler. Turkey lies to the north, its fighting men proud of their reputation for being what Douglas MacArthur in Korea called "the bravest of the brave."

The Turks, with 15 percent of their forces now on Iraq's border, have not been friendly to Saddam Hussein. When the world looked away, Turkey took in 100,000 Kurdish refugees from Iraqi poison-gas attacks.

Turkey was the first nation in the region to denounce the invasion of Kuwait, the first to support UN sanctions and the first to make the blockade count by shutting down Iraq's oil pipeline.

When Secretary of State James Baker travels to the region next week (why do we send a professional deal-cutter on a mission to avoid cutting a deal?) his most important stop will be in Ankara.

President Turgut Ozal has already welcomed U.S. F-111 bombers and F-16 fighters to his Incerlik Air Base; as the frontline state in the world squeeze on Iraq, he expects reimbursement from the Saudi-Kuwaiti war chest of $7 billion for one year's loss of trade.

Turkey deserves that, as well as consideration of Mr. Ozal's request, made in the White House last month, for financing and sale of 120 F-16s to give some punch to Turkey's antiquated air force.

That lack of sophisticated weaponry — many of its tanks are Korean War vintage — has caused some U.S. strategists to disparage Turkey's capacity to become a second front.

They say Mr. Ozal is not too popular at home and claim that Turkish generals — who do not control him — are wary of displaying technological weakness in combat. This overlooks Turkish concern with having a messianic nuclear aggressor to its south. It completely misses what the historian Thomas Kuhn called a "paradigm shift" in explaining the force of scientific change.

When the model of perception shifts, amazing inventive changes take place all along the line. Turkey's paradigm was the "bulwark blocking access to the Mediterranean by the Soviet Black Sea fleet," and its border with the Soviet Union made it a frontline state in any attack on NATO by the Warsaw Pact. After the fall of the shah of Iran, it became our intelligence window on the East.

That concept of Turkey's role bought it a ticket to Western defenses and markets, even though Europeans treated Turks with cultural scorn.

But the old model of Turkey's place in the world is obviously crumbling. Turkish workers are being kicked out of Germany and Bulgaria; the European Community is closing its doors. What's to replace the old paradigm? With the Russians not coming, who needs the Turks?

Their future is in their other front line: not the one bordering the implosive Soviet Union and Asia Minor, but the one bordering explosive Iraq and the Middle East. Turkey is Muslim but secular, a developing democracy with women emancipated; a market economy, and a friend to both Palestinians and Israelis.

Despite its unproductive enmity with Greece, Turkey could be a bridge between West and Middle East. That's where the world will need the Turks.

In this new light, rethink the military possibilities. With allied aircraft using Turkey's airfields to provide tactical support, Turkish infantrymen driving on Baghdad would be more than a match for the divided Iraqi Army, with its most modern elements trapped in Kuwait.

When the war begun on Aug. 2 is over, new boundaries will be drawn, as usual, to penalize the aggressor. Oil reserves should be shared among an independent Kurdistan, a helpful Turkey, a free Iraq and those nations that sacrificed most.

The New York Times.

A Valued U.S. Ally

THANKS TO SADDAM Hussein, Turkey is once more a courted and valued Washington ally. But genuinely good relations with Ankara depend on the realization that Turkey's importance goes far beyond the Gulf crisis.

Turkey's value in enforcing sanctions, and its potential weight in any military conflict with Iraq are important, but long after Saddam Hussein has gone, Turkey will remain an important factor on the international scene.

The gap between the rich Christian countries north of the Mediterranean and the poor Muslim countries along its southern shores is one of the great fault lines in world politics today.

Turkey, with all its problems, remains the one country in the region which is actively striving to close the gap.

— Walter Russell Mead, the author of "Mortal Splendor: The American Empire in Transition," writing in the Los Angeles Times.

The Shadows of Fear Grow Long

By Abraham Rabinovich

JERUSALEM — In the 20 years during which he has employed Palestinians in his Jerusalem garage, Uri Samar never doubted the possibility of coexistence. Until last week.

"It's the first time I feared there might be no solution," said the 48-year-old Israeli. "The chasm between us is growing wider, not narrower."

Attacks by Palestinian workers with knives and hammers upon Israelis after the Oct. 8 killing by police of Arabs on Jerusalem's Temple Mount has made Mr. Samar re-evaluate his basic optimism that in the end Jews and Arabs will find a way to live together.

Mr. Samar, who employs seven Arabs from East Jerusalem and two Jews, is a model for coexistence. "I've raised all the men here. I've set the norms for work and for personal relationships. The Arab workmen have had me and my wife and children to their homes for meals and to their weddings. They have been to my children's circumcisions and bar mitzvahs. We are family.

"There is no distinction here between Jew and Muslim and Christian and they know it. If a new Arab workman isn't trustworthy — even if he just puts on the radio in a car he's working on, which is something I don't permit — it isn't just me who doesn't want him to stay. The other Arab workers don't want him. The other garage owners around here marvel that I leave my men without supervision. But what weight does this kind of relationship have in the face of all these events?"

One of his men prays regularly on the Temple Mount, Mr. Samar said. "He's been through a number of unpleasant incidents but they never shook his faith that things can work out between us." But after the Temple Mount shootings, the workman was stunned.

His feelings were further aggravated when he was stopped by police during

MEANWHILE

the ensuing security crackdown while walking with his family. A policeman told him to "grab that pillar and hug it so it doesn't move" while being frisked. It was the presence of his children that make the moment humiliating.

The workman said to Mr. Samer: "I used to say when these things happened that there were good people and bad people. Now I don't know."

Mr. Samar himself has no doubt that there are good people and bad people but he is no longer certain it makes enough of a difference.

"You have to be steel to withstand these incidents. It's hard for me to believe that people are made of steel. Not Jews or Arabs. When I see people like that workman who always believed in coexistence having doubts, I begin to wonder myself."

Mr. Samar was born in Tel Aviv to parents who came from Iraq and he speaks fluent Arabic. In the last elections he voted for a centrist party.

Does he despair of coexistence? "If I despaired, I would have fired all my Arab employees and begun anew with Soviet immigrants."

Nevertheless, he acknowledged a new perception of the Jewish-Arab conflict, a perception that good will and trust might not be enough.

"Ethnic mixing doesn't seem to work anywhere. Look at the Basques in Spain, the North Africans in Marseilles, the Slavs and Croats in Yugoslavia."

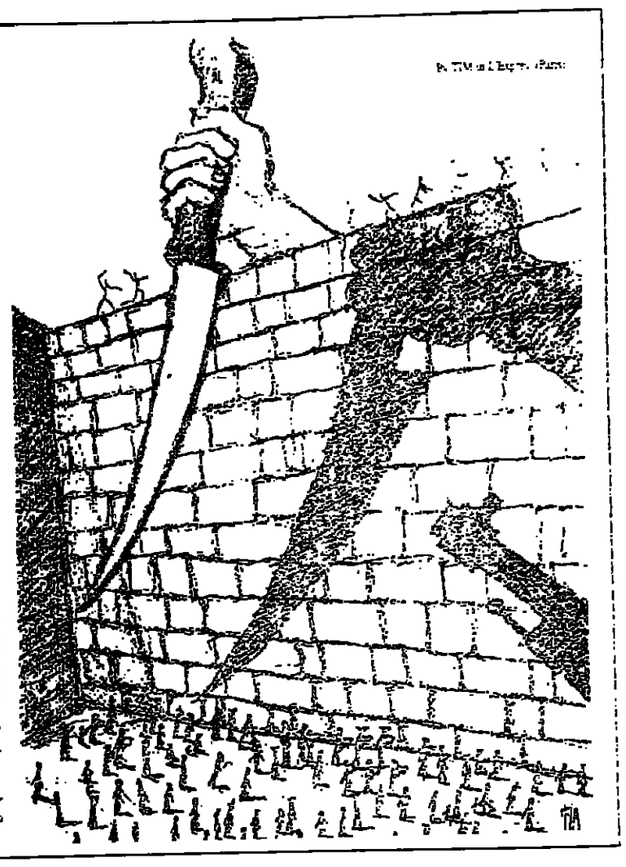
His own solution would be the "Palestinization" of Jordan by the replacement of King Hussein with a Palestinian leadership and its merging with the West Bank. This entity, whether a Palestinian state or confederation, would have its own flag. Israel would keep a security presence on the Jordan River.

"We would live side by side in mutual respect but without mixing. I would like to see passage across the border limited — not free entry. They would live with their honor and we with ours."

What if his Arab workmen choose to live in the Palestinian entity and could no longer work for him?

"That would be a price I would have to pay," he said. For Uri Samar that price would be a high one.

Mr. Rabinovich, a feature writer for the Jerusalem Post, contributed this to the International Herald Tribune.



LETTERS TO THE EDITOR

What Sanctions Can Do

Should the Gulf crisis end in war, economic sanctions will once again be condemned as ineffective and even counterproductive, all the more because the sanctions against Iraq are the most comprehensive the world has seen, almost completely isolating it from world markets. The UN Security Council has surprised even itself in its ability to carry out and direct the sanctions effort. Yet if these sanctions fail against Iraq, it will be argued that they won't work anywhere else either.

Such a response to an outbreak of fighting would be wrong. First, economic sanctions have proved to be a remarkable rallying point for the world community, permitting the emergence of a broad-ranging consensus condemning Iraq's attempt to dominate the Middle East.

Second, economic sanctions have clarified the interests and intentions of the antagonists in a way that diplomatic wrangling could not. They have forced Saddam Hussein to reveal his hand.

Finally, sanctions play an extremely important but seldom recognized dual role on the path to a possible war with Iraq. On the one hand, sanctions may enable us to avoid war altogether by peacefully coercing Iraq into withdrawing from Kuwait. Indeed, avoiding war through economic pressure is the traditionally recognized reason for sanctions.

However, less recognized but equally important is the role sanctions play in the prelude to war. Victory in modern war depends not only upon battlefield prowess but also upon industrial production and trade. Ammunition, food, replacement weapons and spare parts are all necessities for fielding a modern army. No prudent foreign policy would ever allow Saddam Hussein to import and stockpile these items right up to the day that fighting breaks out. By depriving him of these items now, sanctions minimize his ability to pursue a protracted conflict and reduce his chances of victory.

DAVID M. ROWE.
Bonn.

Why Condemn an Ally?

As American citizens residing in Israel we are dismayed and disappointed by the U.S. government's spearheading a very unfair and unbalanced United Nations condemnation of Israel concerning the unfortunate and tragic events of Oct. 8 on the Temple Mount.

We call upon the United States to recognize the obvious: that Israel is still in a state of war with all her neighbors except Egypt; that there is still an Arab uprising taking place aimed at killing Israelis or driving them off the land. Under these circumstances an expression of U.S. concern about the Temple Mount events would have been understandable. But taking a leading role in condemnation is a naive attempt by the United States to keep its newly found, ephemeral friends in the Middle East at the expense of its closest ally. This can only encourage those who wish ill to both Israel and the United States.

DAVID FROEHLICH.
MARC LEVENTHAL.
Tel Aviv.

A City Must Be Livable

Regarding "If Paris Can Function, Why Not New York?" (Opinion, Oct. 29) by Flora Lewis:

When friends and relatives back home keep asking why I insist on living in Paris rather than in New York or Boston, I find myself rambling on about its "quality of life." I rejoice in the city, its culture, beauty, as well as in its bread — which unfortunately has added a few unwanted pounds.

Not that Paris doesn't have its own very real problems. But at least here I can walk home from dinner or a movie and feel secure. The thought of living in a combat zone, which unfortunately is the reality in most American cities, holds no appeal.

KAREN FAWCETT.
Paris.

In Defense of Mitropoulos

In his obituary of Leonard Bernstein *(Oct. 16)*, Donal Henahan contends that when Bernstein became musical director of the New York Philharmonic in 1959, "the orchestra's quality had gone downhill, its repertory had stagnated and audiences had fallen off."

I don't know where Mr. Henahan was around 1959. I was in the audience at Carnegie Hall for scores of concerts. I didn't see many empty seats, nor did anyone hear an orchestra that had gone downhill in quality. Whether under Dimitri Mitropoulos, who was Bernstein's predecessor, or under guest conductors like Bruno Walter, Fritz Reiner and Bernstein himself, the orchestra played a huge repertoire with such major soloists as Myra Hess, Josef Szigeti, Arthur Rubinstein, Robert and Gaby Casadesus and countless others, none of whom would have accepted engagements with an orchestra on the skids.

Mitropoulos also programmed new or little-known works, which paved the way for their entry or reintroduction into the standard repertoire. His regular subscription concerts included performances of operas that the theaters of the day were afraid to touch — Alban Berg's "Wozzeck" and Richard Strauss's "Elektra" are just two examples. So much for a stagnant repertory.

Mitropoulos also acted as mentor to numerous younger colleagues, including Leonard Bernstein, who often stated that his conducting career would not even have happened without Mitropoulos's urging.

DONALD ARTHUR.
Munich.

For All but Expatriates

Regarding "Shutdown Looms as Budget Battle Shifts to the Senate" (Oct. 18, first edition only):

This report says that "Medicare provides health insurance for elderly and disabled Americans." In the interests of accuracy, statements like this should be followed by the proviso: "unless they are located overseas."

ALBERT L. HILLIARD.
Graz, Austria.

Business Prospects in Turkey, The Eastern Mediterranean & The Black Sea

ISTANBUL, NOVEMBER 13 – 14, 1990

NOVEMBER 13

09.15 OPENING KEYNOTE ADDRESS
HE Gunes Taner, Minister of State, Turkey

10.00 GEOPOLITICAL OUTLOOK FOR THE REGION
The Rt Hon Dr David Owen MP, Former Foreign Secretary and Former Leader of the SDP, UK

10.40 Coffee

11.00 FUTURE DEFENSE STRATEGIES IN THE EASTERN MEDITERRANEAN
Stephen Hadley, Assistant Secretary of Defense for International Security Policy, Washington, DC

11.40 TURKEY: THE SOUTHERN GATE OF EUROPE
HE Ahmet Kurtcebe Alptemocin, Minister of Foreign Affairs, Turkey
Cem Boyner, President, TUSIAD, Istanbul
Prof Dr Serif Mardin, Bogazici Universitesi, Istanbul

13.15 Lunch
THE CHARACTER OF A GREATER EUROPE
Anthony Sampson, Journalist and International Writer, London

15.15 INVESTMENT OUTLOOK FOR TURKEY, THE EASTERN MEDITERRANEAN & THE BLACK SEA
Dr Wolfgang Albert, Chairman, Consortium for Turkey, OECD, Paris
Osman Unsal, Head, Foreign Investment Department, State Planning Organization, Turkey

16.15 INDUSTRIAL MODERNIZATION AND REGIONAL COOPERATION
John Marcum, President, European Institute of Technology, Verona

16.45 DEVELOPMENTS IN THE SOVIET UNION AND IMPLICATIONS FOR HER NEIGHBORS
Vahit Halefoglu, Former Minister of Foreign Affairs, Turkey
Gromkovsky Vladimirovich, Chief Advisor of the Reform Fund, Moscow

20.00 Cocktails and Dinner

NOVEMBER 14

09.00 BANKING AND FINANCE IN THE EASTERN MEDITERRANEAN REGION
Joseph G Fogg III, Managing Director & Head of Investment Banking, Morgan Stanley & Co, New York
Claude de Kemoularia, Chairman, Banque Paribas Nederland, Member of the International Committee, Banque Paribas, and Former Ambassador of France to UN, Paris
Dr Ercan Kumcu, Vice Governor, Central Bank of the Republic of Turkey
Guy de Selliers, Acting Director, Corporate Finance & Investments Department, European Bank for Reconstruction & Development, Paris
Sir Douglas Wass, Chairman, Nomura International plc, London

11.30 Coffee

12.00 TURKEY AND THE NEW EUROPE
Temel Iskit, Head, EC Affairs, Ministry of Foreign Affairs, Turkey
Eberhardt Rhein, Director, Eastern Mediterranean and Middle East, European Commission

13.00 Lunch
TURKEY: AN EMERGING REGIONAL ECONOMIC SUPERPOWER
Dr Richard Perle, Resident Fellow, American Enterprise Institute, Former US Assistant Secretary of Defense, Washington DC

15.00 BUSINESS PROSPECTS IN THE CHANGING EASTERN MEDITERRANEAN MARKET
Moderator: **Prof Dr Zafer Basak**, Executive Director, Turk Ekonomi Bankasi, Istanbul
Panelists will include:
Uzeyir Garih, Chief Executive Officer, Alarko Group of Companies, Istanbul
Daniele G Rutli, Vice President – Ventures, Fiat Auto SpA, Turin

16.30 VALEDICTORY REMARKS
HE Isin Celebi, Minister of State, Turkey

TEB TÜRK EKONOMİ BANKASI

Herald Tribune

REGISTRATION INFORMATION: The fee for the conference is £350. This includes lunches, the dinner on Tuesday, November 13 and all conference documentation. Fees are payable in advance. We regret there can be no refund for cancellations received after October 29. Substitutions can be made at any time. Simultaneous English/Turkish translation will be available throughout the conference.

CONFERENCE LOCATION: The conference will be held at the Hilton International Hotel, Cumhuriyet Caddesi, 80200 Harbiye – Istanbul.

HOTEL ACCOMMODATION: A limited number of rooms are available at preferential rates at the Hilton International Hotel. Please contact Ms Feza Pehlivan on Tel: (90 1) 131 4650. Fax: (90 1) 140 4165.

REGISTRATION FORM: To register, please complete and return this form to Jane Blackmore, Conference Office, International Herald Tribune, 63 Long Acre, London WC2E 9JH, England. Tel (44 71) 379 4302 Fax: (44 71) 836 0717.

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— ***hand deliv. Madrid	Ptas.		51,480	—	25,740	12,870
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ASIAN TOPICS

Philippine Buffalo Is Bred in Captivity

Scientists have successfully bred the Philippines' vanishing national animal, the tamarau buffalo, for the first time in captivity, according to Manila press reports. The male calf, christened Jun Jun, was born Oct. 18 at a government breeding station in the tamarau's last refuge, Mindoro Island southwest of Manila.

The tamarau is smaller than the carabao, also known as the water buffalo, domesticated throughout Southeast Asia. The tamarau, a shy and wild animal that resists being tamed, is an official national symbol of the Philippines. Only 200 are known to exist, from 10,000 at the turn of the century, and they are threatened by poachers, logging and development in Mindoro, whose beaches and rugged terrain have brought tourists.

Scientists say they hope to establish a "fallback population" of tamaraus in another part of the country to guard against an epidemic that could wipe out the *animals in Mindoro*, according to the Daily Globe.

Around Asia

Because of longer life expectancy and a birth-control policy that permits most families to have only one child, China's over-60 population has increased much faster than the general population. Now, support agreements between children and their elderly parents are starting to be required in some localities by officials attempting to protect the aged — a new phenomenon indeed in a country that for thousands of years prided itself on reverence for age.

Former Prime Minister Benazir Bhutto will be the only woman in Pakistan's new legislature *unless her mother returns from* the United States. Miss Bhutto, whose party was defeated in elections last week, won a seat of her own, and her mother, Begum Nusrat Bhutto, was elected in absentia. But family sources say she is unlikely to return in the near future. Of the four women *who won seats to the assembly in* 1988 when Miss Bhutto came to power, none of the others was re-elected.

A hungry tiger put an end to an Indonesian jailbreak, chasing an escaped prisoner up a tree and besieging him for two days, the Antara news agency reported. When the tiger finally stalked off, the prisoner was so hungry himself that he knocked on the first door he found and begged for a meal. The off-duty policeman who answered the knock recognized the prisoner, fed him and returned him to his cell.

Arthur Higbee

Iraq Says It Will Allow Holiday Visits to Hostages

Compiled by Our Staff From Dispatches

BAGHDAD — Iraq said Thursday it would allow Christmas visits by the families of hostages being held as human shields against possible attack from the U.S.-led force *in the Gulf*.

The Iraqi offer was immediately criticized by Western officials who repeated demands that all hostages be released, but some families in Britain said they would consider making the trip.

The official Iraqi press agency, INA, said the Foreign Ministry had instructed Iraqi embassies throughout the world to issue visas to the families of foreign nationals being held at industrial and military sites.

"The Foreign Ministry issued instructions to grant entry visas to Iraq to families of the foreigners hosted in Iraqi vital installations if they wanted to visit them on the occasion of Christmas and New Years," the agency said.

The move came a day after President George Bush said he had "had it" with Iraq's treatment of Americans held captive by President Saddam Hussein, *who refers to the* foreign nationals as "guests."

The British Foreign Office in London condemned the Christmas trip offer as "disgraceful."

"This is a cynical propaganda move on the part of the Iraqis and our advice *remains the same* that, although we are very sympathetic, *people should not go to Iraq*," the Foreign Office said.

At the White House, Marlin Fitzwater, the president's press secretary, said it would be better if Mr. Hussein "let the hostages return home for Christmas, better yet Thanksgiving."

Iraq is believed to be holding about 4,000 Western and Japanese nationals. Of these, approximately 400 are being kept at strategic industrial and military sites.

Some relatives of British hostages said they would go to Iraq if they could.

"If my son is still in Iraq at Christmas, I shall take every opportunity of going to see him. And as this sad tale unfolds, it may well be that I go before then," said Donald Fathers of Oxford, who was interviewed by the BBC.

"We are considering it," Elizabeth Godsall of London, the mother of a hostage, told the BBC. "If Jonathan doesn't come home by Christmas, a couple of us might go out."

Meanwhile, Iraq said four more American hostages would be released "soon."

Latif Jasim, minister of information *and culture*, said in Baghdad that four elderly and sick hostages *would be free to leave the country*, but did not give their names or whereabouts.

In Copenhagen, the Danish Foreign Ministry said the 43 Danish nationals held hostage in Iraq turned down an offer by the International Committee of the Red Cross to try to negotiate their release.

In Baghdad, U.S. officials released the text of letters from two Americans held at strategic sites. Officials asked that the hostages names not be used.

One of them said, "Tell my wife I love her and I have lost 35 pounds. We are getting no mail or messages at all."

"I have been in the Iraqi gulag system for almost two months. We are virtually prisoners in Iraq," the other letter said.

In Washington, officials said the U.S. Embassy in Kuwait is down to *a three- to four-week supply of* canned tuna and rice, and is running low on generator fuel to power its only satellite telephone link with the United States.

The prospect that Ambassador W. Nathaniel Howell 3d, his deputy, Barbara K. Bodine, and 25 others might have to leave the embassy by late November led the Bush administration to push for a United Nations Security Council resolution, approved on Monday, demanding the humanitarian resupply of foreign embassies in Kuwait.

A White House official said that Mr. Bush, who charged Wednesday that Iraq was "starving" the embassy personnel in Kuwait, did not *mean that the 27 people in the* embassy were in imminent danger *of starvation. Mr. Bush was referring* only to their "dwindling food supplies," the official said.

A State Department official said that there were "no serious health problems" among the embassy holdouts and that they have adequate supplies of water for drinking and bathing.

Britain's last two diplomats in Kuwait have enough food to hold out for another two months, the mother of one of them said Thursday.

"He said they are managing well and have food to last until the New Year," Jean Banks said after she received a letter from her son, Larry Banks, the British consul in Kuwait. "After that, I don't suppose they'll ever want to see another frankfurter for the rest of their lives." *(UPI, AP, AFP, WP)*

UN Chief Urges Measures to Protect Palestinians in Israeli Territories

The Associated Press

UNITED NATIONS, New York — The UN secretary-general called Thursday for new steps to *protect Palestinians under Israeli* occupation and reiterated a plea for Israeli cooperation in seeking such protection.

In a report to the Security Council, Secretary-General Javier Pérez de Cuéllar underscored the need to help Palestinians, but he did not recommend deploying UN observers or peacekeepers as some Arabs had expected.

Mr. Pérez de Cuéllar called for steps toward a Middle East peace settlement.

He emphasized that progress *must be made swiftly*, "to ensure an effective negotiating process, acceptable to all, that can secure the interest of both Israelis and Palestinians, and enable them to live in peace with each other."

The secretary-general suggested that the council call a meeting of *signatory parties to the Fourth Geneva* Convention to consider protective measures under that accord.

The convention calls for the protection of civilians in time of war and in occupied lands; it prohibits mistreatment, deportations and collective punishment, among other acts.

The report was sought by the council after Israeli security forces killed at least 19 Palestinians on Temple Mount in Jerusalem on Oct 8. Israel subsequently rejected a UN investigative mission.

Mr. Pérez de Cuéllar issued his report on the general situation in the territories from other information.

He said appeals to Israeli authorities on behalf of Palestinians *from himself*, the council, member states, the Red Cross and others had been "*ineffective*."

There was no immediate reaction to the report.

But earlier, the Palestine Liberation Organization and Arab states said they wanted to call a meeting of the council to discuss steps to protect Palestinians.

The PLO and others argue that the council acted swiftly and decisively *on sanctions against Iraq for* occupying Kuwait and must act with equal resolve on Israeli occupation of Arab lands seized in 1967.

Palestinians, the secretary-general's report said, emphasized their distrust of Israeli occupation authorities.

"It had grown so deep that they felt that only an impartial presence, properly mandated by the United Nations, would be able to provide them with a credible sense of protection," Mr. Pérez de Cuéllar said.

He said the Palestinians suggested that military observers already stationed in Jerusalem from the UN Truce Supervision Organization, be assigned to monitor the territories.

Mr. Pérez de Cuéllar did not support or reject that suggestion.

He emphasized that despite the need for protection of Palestinians, the essential, underlying problem "is a political conflict that lies at the heart of the tragic events."

Masked Refugees Battle Guards in Hong Kong

The Associated Press

HONG KONG — Masked Vietnamese refugees wielding homemade spears battled security personnel Thursday at a camp. Authorities said at least 16 people were injured, including three security officers.

The fight at the Whitehead Detention Center broke out in the early afternoon as corrections officers conducted a sweep for weapons, a government spokesman said. He said between 40 and 50 masked refugees were involved.

Tensions have been on the rise in Hong Kong's squalid camps for the thousands of Vietnamese who have fled their homeland by boat.

Dozens of refugees have gone on hunger strike opposing an agreement between Hong Kong authorities and the United Nations High Commissioner for Refugees.

The UN commissioner's representative in Hong Kong, Robert Van Leeuwen, said UN officials have gone to great lengths to convince the refugees that the United Nations has not *agreed to forced repatriation*.

About 54,000 refugees, who fled Vietnam, occupy hundreds of tin warehouses and cement cells in the camps.

Of them, 45,000 arrived after June 1988 when the British colonial government instituted a screening program to separate what it called legitimate political refugees from "economic migrants."

Under the screening process, those who are determined to be refugees will be allowed to stay and work in Hong Kong and await resettlement abroad, while the economic migrants will be sent home.

So far, 15,000 of the 45,000 have failed the test.

■ A Few Want To Go Home

About 200 of the 13,000 Vietnamese refugees in Thai refugee camps have expressed a desire *to return home with financial support from the* United Nations, according to a UN statement released Thursday in Bangkok and reported by United Press International.

The statement said the United Nations High Commissioner for Refugees will arrange a flight to Ho Chi Minh City for the refugees.

So far 129 boat people in Thailand have returned home voluntarily under the plan, it said.

U.S. Seeks UN Backing To Channel Iraq Assets

Compiled by Our Staff From Dispatches

UNITED NATIONS, New York — The Bush administration is preparing a Security Council resolution that would require governments to earmark frozen Iraqi assets to meet future compensation claims by victims of Iraq's invasion of Kuwait, according to U.S. officials.

The officials said the resolution was one of a number of moves under consideration for making the *economic embargo of Iraq as tight* as possible.

Only then, they said, could the council decide whether United Nations economic sanctions *alone* are likely to force Iraq out of Kuwait, or whether force should also be considered.

Marjatta Rasi, the Finn who oversees the UN embargo, said that current sanctions were affecting Baghdad "every day more and more" and should bring its economy to a halt by midwinter.

"I understand that at the beginning of next year they will have serious problems," she said. "It's not only food. It's everything."

One of the Security Council's permanent members, China, announced Thursday that it had lost $2 billion owing to the sanctions. Western diplomats said there was no evidence that China, in the past a major arms supplier to Iraq, had made any shipments in violation of the ban on trade.

In Moscow, a Foreign Ministry spokesman said that the Soviet Union, complying fully with the sanctions, was also suffering. Until the trade ban was imposed, Iraq paid off some of its debts to the Soviet Union with oil, which Moscow then re-exported to India and Bulgaria.

An Iraqi Airways plane carrying *15 tons of medical supplies left* Switzerland for Baghdad on Thursday.

A Swiss Trade Ministry official said the cargo was worth 500,000 francs ($385,000).

The Boeing 707 was loaded under supervision by Swiss customs officials and a UN observer to ensure that the cargo was not in violation of the embargo against Iraq.

Medicine, and food in certain instances, is exempt from international sanctions.

Switzerland has stressed that it has approved medical exports strictly for humanitarian reasons.

It said it will not bargain for the release of about 80 Swiss nationals held in Iraq. *(NYT, Reuters, AP)*

BUSH: *Not Beating War Drums*

(Continued from page 1)

to clarify the nature of the Gulf confrontation.

"We have no quarrel with the Iraqi people," Mr. Bush said. "Our quarrel is with the dictator, Saddam Hussein."

Asked about his wife Barbara's *comments that he would be willing* to meet Mr. Hussein to resolve the *crisis, Mr. Bush said his position* at any such meeting would be "no condition, *no negotiation* — just leave Kuwait."

"There is no flexibity on our position. There is no compromise."

Mr. Bush said he could consider *a meeting "if there was an agreement* that he would totally withdraw *and unconditionally* comply with the UN sanctions. That's the only way it could be productive."

The news conference provided a measure of what was uppermost in Mr. Bush's mind. Most analysts said the congressional and state elections will turn on economic and local issues, rather than on public views of the Gulf situation. Still, Mr. Bush opened the session with a statement on his Gulf policy, and nearly every question tracked that subject.

The president has recently emphasized the plight of Americans and other foreigners held in Iraq and Iraqi-occupied Kuwait, and he made clear on Thursday that he thinks little of Iraq's offer to allow relatives from abroad to visit them over the Christmas holidays. He called it "a rather brutal toying with the emotions of the families," and said that those held in Iraq should be freed to come home.

(Reuters, AP)

Germany Issues A Food Warning

Reuters

BERLIN — The German government warned Thursday that food in the east of the country may be contaminated with pesticides and trace metals, a legacy of Communist neglect of the environment.

"Toxic levels in food in former East Germany are alarming," Anton Pfeifer, state secretary in the Health Ministry, said. He said that scientists had found traces of toxic pesticides such as DDT in eggs and fish, and that leafy vegetables showed relatively high levels of the poisonous metals *mercury and* cadmium.

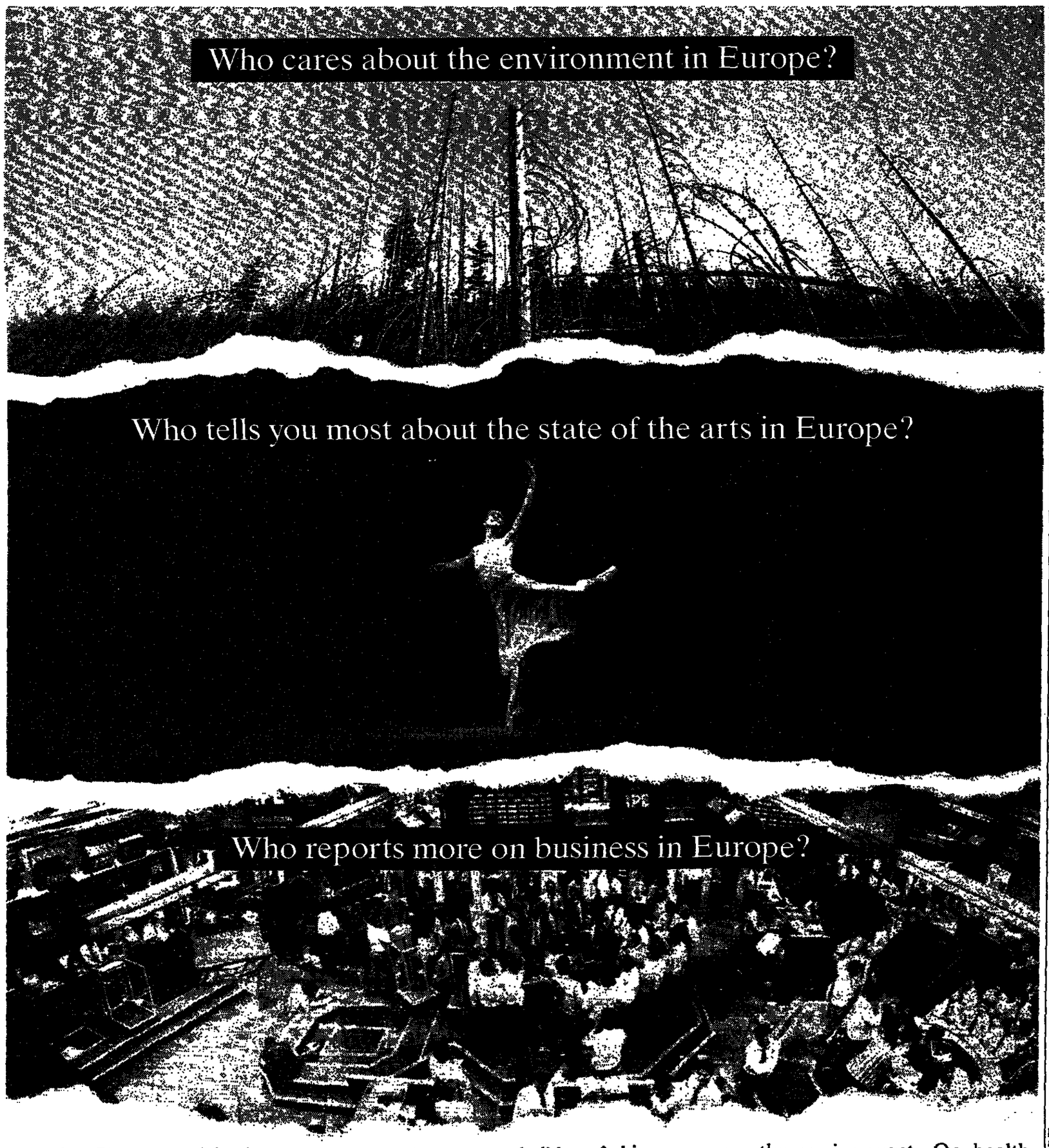
Mr. Pfeifer said his ministry would give the five new federal states in eastern Germany 3.2 million Deutsche marks ($2.1 million) to collect reliable data on food and drinking water. He said exact statistics on the extent of the problem were not available.

Britain's 'Sun' Blisters EC and Delors

LONDON (UPI) — The Sun newspaper, promoting a campaign against European unity, on Thursday published a two-fingered front-page illustration targeting the French-born chairman of the EC Commission, Jacques Delors. The tabloid's headline was, "Up-Yours Delors."

As well as printing risqué anti-French jokes *and inviting* readers to join a "Bawl at Gaul" protest on Friday, the Sun cited "centuries of Froggy Brit-baiting" and *said that* Britain was threatened by a Delors plan to integrate the European market and create a common currency.

There was no comment from the French Embassy in London, which was closed on Thursday, All Saints Day.



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TRAVEL

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TRAVELER'S CHOICE

For People Who Like Sharks

■ People who like sharks say the creatures aren't so bad. Sharks are simply misunderstood, they say. In a current exhibit at the Smithsonian's National Museum of Natural History in Washington, the largest and most comprehensive show ever assembled on sharks, scientists attempt to expose the lies that have clouded peoples' minds about these graceful, torpedo-shaped ballerinas of death. For instance, the exhibition points out that sharks are not mindless eating machines. That is totally incorrect. Sharks are intelligent eating machines. Somehow, though, this is not a great comfort. If there is anything worse than a mindless eating machine, it's an intelligent and resourceful eating machine, prowling through its own environment, in the dark, at night, in murky water, among bathers who are floundering like wounded mullet. The show runs through Jan. 20.

Upgrading Australian Airport

■ A plan to upgrade the Proserpine Airport in Queensland will offer travelers a fourth international airport when visiting the northeastern Australian state, which includes the Great Barrier Reef. The project, being developed by Ansett Airlines and Aqua Del Ray International (a Japanese development company), calls for the existing air strip to be extended by about 650 feet (200 meters) and the runway shoulders widened to accommodate long-range aircraft. Construction of the $5 million first phase is expected to be completed by 1993.

In Quest for Bald Eagle, Consider Montana

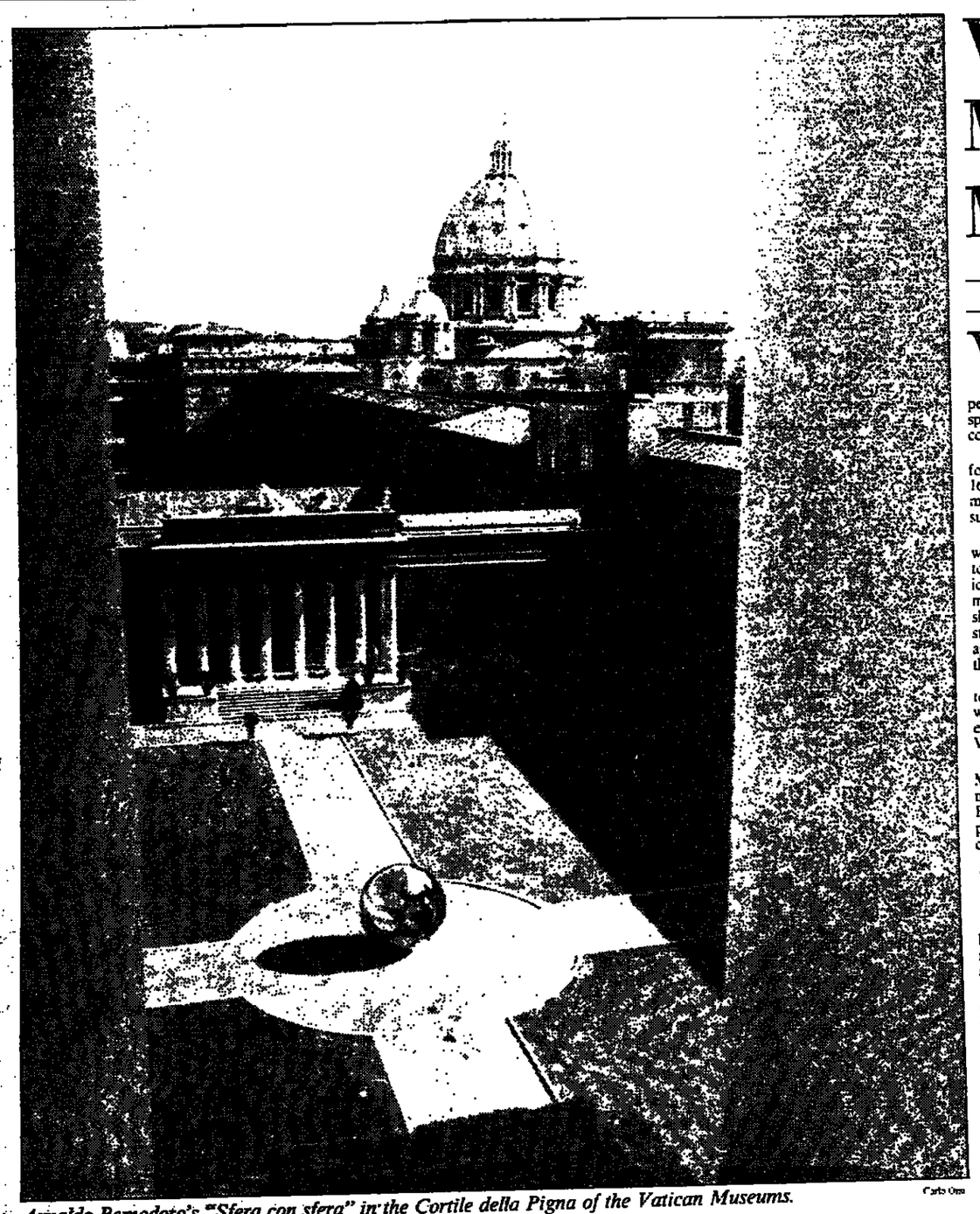
■ Travelers in search of a rare natural spectacle may want to consider Helena, Montana, where one of the largest concentrations of bald eagles in the United States is expected to migrate in November and early December. Montana naturalists say the eagle migration has grown rapidly over the last three years, with hundreds of the majestic predators drawn to a rich bounty of Kokanee salmon that spawn along a stretch of the Missouri River near Canyon Ferry Village, 20 miles (about 30 kilometers) northeast of Helena, the state's capital. Eagles are also observed along the river banks from Canyon Ferry Village to Cascade. Last year, wildlife officials said, the number of eagles more than doubled, to 220, and this year they project that as many as 400 will join the migration. From a public viewing site, the birds can easily be seen swooping down, their vast wings fully extended. The best time to view the eagles is from Nov. 9 to Dec. 2.

A Guide to Buying a House in France

■ A new guide, "Buying a House in France," by Vivienne Menkes-Ivry, leads foreigners through the intricacies of acquiring a French residence, whether a permanent home or a vacation cottage. The concise guide takes the potential homeowner in France through such steps as choosing a region of the country, finding a house, renovating it, operating a bed-and-breakfast and, finally, selling one's house. For the first-time buyer, it explains such arcana as dealing with the *notaire* and real estate agents, the *compromis de vente*, and the various kinds of mortgages. The guide, published by Simon & Schuster, costs £5.95.

Marine Mammals on Display in Baltimore

■ The National Aquarium in Baltimore is scheduled to open its $35 million Marine Mammal Pavilion on Dec. 26. The main feature of the addition is a habitat for three beluga whales and six Atlantic bottlenose dolphins surrounded by a 1,300-seat amphitheater. A 30-minute presentation about whales will be given in the amphitheater several times a day. The aquarium is at Pier 3, 501 East Pratt Street (301-576-3860) in the Inner Harbor area. Among the 5,000 aquatic animals are sharks, ocean rays, large gamefish and seals, and there is a rain forest with Amazon parrots and iguanas and other reptiles.



Arnaldo Pomodoro's "Sfera con sfera" in the Cortile della Pigna of the Vatican Museums. Carlo Orsi

Vatican Chic: Modern Art and Michelangelo

by Kate Singleton

VATICAN CITY — Visitors who emerge from the Vatican Museums dazed by their wealth of possessions should pause for a moment in the adjacent Cortile della Pigna, for that august enclosure, planned by Bramante in the early 1500s and perfected by Michelangelo, has recently been embellished with a large spherical bronze sculpture by Arnaldo Pomodoro, one of the most consistent and profound Italian artists of the generation now in its 60s.

The center of the Pigna courtyard was originally dominated by a fountain of Roman origin, placed there by Pope Julius III in the mid-16th century. In 1846, this was replaced by a monolithic sculpture in marble that was once the base of the column of Emperor Hadrian's successor, Antoninus Pius.

Forty years later, its place was taken by a column erected to commemorate the First Vatican Ecumenical Council. This monument also proved to be short-lived: It suffered from static imbalance, became damaged and was finally dismantled in 1936.

The courtyard was originally dominated by a fountain of Roman origin.

For several decades the center of the Cortile della Pigna was destined to remain empty — not least because during the '70s excavation was under way for the creation of underground storage for Vatican archives.

It was only in 1984 that Carlo Pietrangeli, the director of the Vatican Museums, felt that he could envisage the right solution. He was visiting the major retrospective of Pomodoro's work at the Forte del Belvedere in Florence, and immediately realized that his sculptures both embody a powerful microcosm and naturally relate to the surrounding architectural context.

IN the "Sfera con sfera" donated to the Vatican Museums a smaller bronze sphere is embraced by a large one, whose smooth outer surface reflects both the heavens (and all that moves therein), and the apparent fixity of the surrounding buildings. Inside both the larger and the smaller sphere the bronze has been sculpted into myriad mechanical forms, like so many interrelated cogs whose levers throw shadows inward.

The appropriateness of Pomodoro's sculpture is not only due to its evident symbolic meaning, however. It is also a question of scale and overall balance.

"The original version of the work dates back to 1963," the artist explains, "and in working on this new one I spent a long time studying its proportions and relating them to those of the pine cone [the 320 centimeter (125 inch) bronze 'Pigna' from which the enclosure takes its name], the stairway designed by Michelangelo to lead up to the balcony, and the arches of the courtyard. The latter measure nearly four meters, which I have echoed in the diameter of the sphere." ■

Kate Singleton is a Milan-based journalist who writes frequently on cultural affairs.

The Voices of Terezín's Children

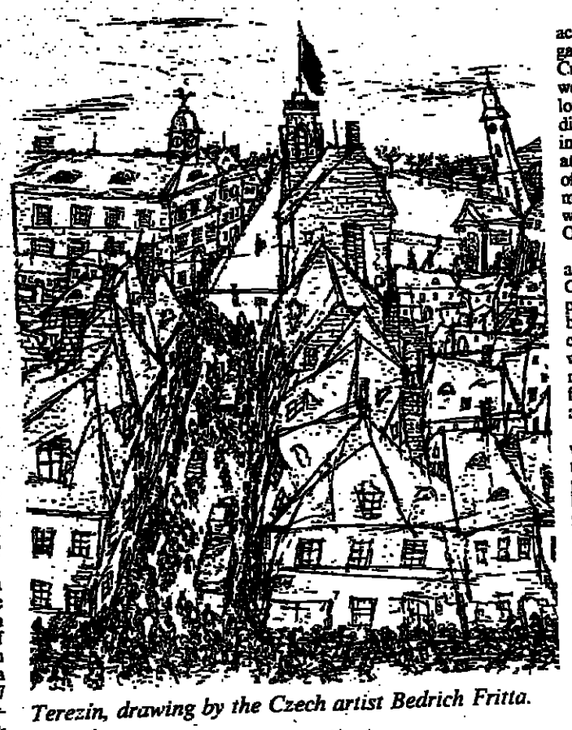
by Michael Balter

IT is a custom for visitors wandering the thicket of tombstones in Prague's Old Jewish Cemetery to place small rocks on top of the markers, a practice said to date from when the Jews lived in the desert and there were no flowers to be had. Sometimes people tuck folded pieces of paper between the rocks, on which they write messages meant to be read by other visitors, or perhaps directed at whatever unseen spirit they feel resides there.

I picked one up at random. It read, "Peace of heart, peace of mind, for me, for everyone."

Of the 12,000 tombstones in the cemetery, the first was placed in 1439 and the last in 1787. Most of these deaths, although certainly not all, were from natural causes. Yet the somber reverence in the faces of visitors reflects a more contemporary history, in which the death of a Jew is all too likely to have been a murder.

As if to underscore this point, a former ceremonial house at the entrance to the cemetery has been given over to an exhibition of drawings and writings of children who were imprisoned at Terezín, a town about 60 kilometers (37 miles) northwest of Prague. During World War II, the Nazis evacuated the population and turned Terezín into a concentration camp. Between November 1941 and May 1945, when Czechoslovakia was liberated by the Soviet Army, more than 80,000 Jews passed through the camp on their way to Auschwitz and similar destinations. An additional 33,000 never made it any farther, dying at Terezín of starvation, disease or torture.



Terezín, drawing by the Czech artist Bedrich Fritta.

Despite the harsh conditions, the Germans tried to create the illusion that Terezín was a "model" camp. Many artists and intellectuals were imprisoned there, including the writer Karel Polacek and the young composer Viktor Ullmann, and the Nazis tolerated a considerable degree of artistic freedom. The prisoners put on operas, concerts and plays, including a number of original compositions.

The Germans used this artistic activity to try to convince a delegation of the International Red Cross in June 1944 that the Jews were being well treated. The following month, however, the Nazis discovered that a number of paintings depicting the brutality of life at Terezín had been smuggled out of the camp. Several artists were moved to a nearby prison. One was beaten to death on the spot. Others were sent to Auschwitz.

Few of the works created by the adult artists of Terezín survived. One that did was an opera composed by Ullmann that did not get beyond the rehearsal stage at the camp. Ullmann died in Auschwitz, but the score was discovered many years after the war and was finally performed in Amsterdam and elsewhere.

Yet, among the camp's inmates were 15,000 children. Most of them were separated from their parents and housed in various buildings in the town. The Nazis forbade formal schooling, but did allow art classes. Some 4,000 drawings have been preserved, as well as poetry and copies of magazines and other publications that the children produced secretly with the help of adults assigned to live with them.

As I walked through the exhibition, it struck me that the drawings fell into two categories. Many depicted monsters and grisly scenes of hangings and disease — scenes drawn from the depths of children's nightmares. Yet others were elaborate fantasies of flowers and butterflies, kings and queens. An explanatory note in English captured the essence of things with

Continued on page 9

The Southern Route: Another India

by Barbara Crossette

THINK of India. What does the mind's eye see? The Taj Mahal, the desert fortresses of Rajasthan, the teeming ghats of Varanasi? Think again. There is another India, of brooding Dravidian temples, old towns where fresh spices perfume the evening air, tropical beaches, shaded inland waterways and a softer, sweeter way of life. This is South India, the land below the hills called the Vindhyas.

Most foreign tourists never get this far south, to the states of Andhra Pradesh, Tamil Nadu, Karnataka and Kerala. South Indians will be quick to tell you why they think this is so: The tourism industry, like politics and government, has been long dominated by the Hindi-speaking North.

This state of affairs won't last long, however. South India is becoming directly accessible to the outside world through international flights to Madras or Trivandrum by Air-India, Air-lanka, British Airways and Singapore Airlines, among others.

The Indian South is a land of beginnings.

Centuries ago, South India was the center of old Hindu empires and a civilization that, in many pockets, never fell under the control or influence of the Islamic conquerors from the Northwest Frontier or their descendants, who conquered most of the rest of India. Much earlier, the South was the first corner of India to welcome Muslims from the trading nations across the Indian Ocean and the Arabian Sea. Jewish settlements sprang up too. And, according to history that slips into legend, St. Thomas the Apostle brought Christianity to India in the first century, long before most Europeans practiced the new faith.

Finally, and significantly for the South, where English is still widely spoken, the British Empire in India began here in the 17th century, with the establishment of a trading post at Madras.

Madras seems the logical place to start a southern adventure. The plane touches down almost in the shadow of St. Thomas Mount. Madras may be India's most attractively situated large city, strung along a wide Bay of Bengal beach from Fort St. George at the northern end of town to the estuary of the Adyar River near the south.

The buildings of the fort complex, the oldest dating from about 1650, now house government and military offices. The first British (Anglican) church in India was built in the fort in about 1678. Still home to an active congregation, it displays many historical plaques, one commemorating Elihu Yale, the founder of Yale University, who worked in Madras as a clerk.

The Madras seafront — the Bay of Bengal is nice to look at, but unsafe to swim in — is also the setting for Madras University and other educational institutions as well as the splendid icehouse built in 1840 to receive India's first

Continued on page 9

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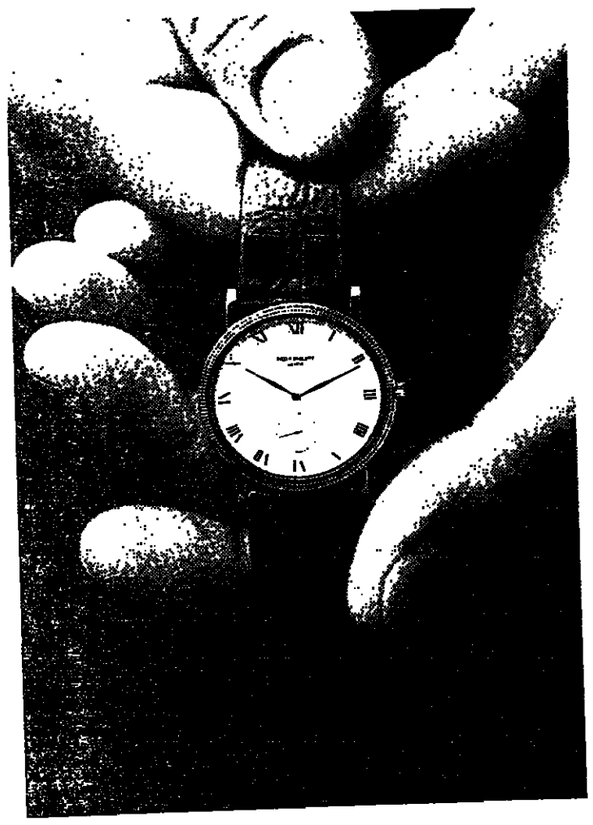

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THE FREQUENT TRAVELER

Winter Weekend Packages

by Roger Collis

SHOULD you find yourself in London this winter with a spare weekend and someone to share it with, you could do worse than take off for Paris for two nights at the Hotel Lancaster, a small luxury establishment just off the Champs-Elysées. This will cost £500 (about $975) for the two of you including round-trip travel by British Airways, with continental breakfast, flowers, fruit and a bottle of Roger et Gallet scent. The price is valid through March.

Or you might prefer to hunker down in a suite with a riverside view at the Hotel Conrad Chelsea Harbour. The price is £175 for two per night with English breakfast and use of the health center, a saving of about £100. It is available until the end of the year. Or get out of town to somewhere like Lucknam Park, a luxury hotel just outside Bath (£120 per night for a double room) where you might catch a dinner recital on Sunday evening.

You don't have to look very far for an excuse this winter to take off for a weekend during a business trip. Hotels are clamoring to attract the "business extender" with a smorgasbord of special offers — from straightforward discounts to elaborately packaged breaks and mini-vacations. Some hotel chains do across the board promotions; others leave it up to individual managers.

"Added-value" packages can include simple frills, such as a room upgrade, fruit and flowers, to gourmet meals, excursions, tickets to a show, limo transfers, use of the health club, and free tennis and golf. There are theme weekends to suit different tastes.

Low rates are the major attraction on most weekend packages with up to 50 percent off regular weekday rates. For example, Hilton International offers a 2-for-1 program until the end of March at 23 European cities, plus Cairo, Istanbul and Ankara. A couple staying two nights over a weekend get a double for the price of a single and the second night free. At the Athens Hilton, for example, a couple would pay $220 for two nights.

Inter-Continental offers a discount of around 50 percent with its "Heart of the City" program at 29 European hotels if you stay Friday, Saturday or Sunday night (valid to March 31).

Whether you are alone or with a partner it is 300 Deutsche marks (about $200) a night, with continental breakfast and taxes, at the Hotel Schweizerhof or the Inter-Continental in Berlin.

Holiday Inn has bargains in its "European Weekender" program (up to 50 percent off the rack rate) at 42 hotels in continental Europe and 34 in Britain. Prices start at about $70 a person per night — including buffet breakfast.

Hotels are clamoring to attract the 'business extender.'

Marriott offers a "Supersaver Weekend" rate (Friday, Saturday or Sunday night) until Feb. 28 at its properties in Europe. For example, a couple can stay for 1,200 francs a night at the Prince de Galles in Paris (against the usual rate of 2,300 francs), 1,875 schillings (about $175) at the Vienna Marriott, 290 guilders (about $170) in Amsterdam, 175 Deutsche marks in Munich and 225 marks in Hamburg.

My vote for unbridled hedonism goes to The Savoy in London for its "Two's Company" weekend package. This is valid Friday, Saturday and Sunday nights till Aug. 31. The price is £545 for two on the first night (you can stay for just one night) and £360 for each additional night. For this you get a suite with a view of the Thames, a bottle of Dom Perignon, flowers, Savoy chocolates and flowers on arrival, your own butler for a gourmet dinner, created by chef Anton Edelmann, with specially selected wines and a Champagne breakfast. Plus a set of The Savoy's own pink table linen.

Runner-up is a two-night package at the Vista Palace Hotel, perched on the hillside above Monte Carlo. This costs 3,000 francs per couple, for which you get a luxury room, breakfast and dinner on two nights with wine, and use of the health club.

The Leading Hotels of the World, a marketing organization, has a range of winter breaks at dozens of properties. For example, a two-night stay over the weekend at the Hotel Vier Jahreszeiten in Hamburg costs 900 Deutsche marks for two people with American breakfast and ticket for the opera, ballet or a musical, and is available till Dec. 31. The Hôtel de Crillon in Paris offers an "Emotion Weekend" (until April 30) comprising a double room for one night, continental breakfast, bottle of Champagne, lunch or dinner in Les Ambassadeurs (a two-star Michelin restaurant) and gift. This costs 1,775 francs per person.

Anybody yearning for a traditional English Christmas would enjoy the four night package at the Lygon Arms, a 16th century coaching inn in the village of Broadway in hunting country two hours from London, which entertained, presumably on different occasions, Oliver Cromwell and Charles I. Festivities begin on Christmas Eve with lunch, tea and a Champagne party, followed by carol singing and midnight service, followed in turn by punch and hot mince pies. Christmas day there is lunch with Father Christmas, black tie dinner and dancing. Boxing Day you can join a meet of the North Cotswold hounds, lunch, dinner and dancing. And so it goes through to a draw at dinner on Thursday night. First prize is two tickets to New York and four nights at the Carlyle Hotel. The Price at the Lygon Arms for four nights with accommodation, meals and entertainments is £175 a day per person.

OR celebrate the New Year in Paris with three nights at the George V. You arrive Dec. 29 with flowers, fruit and Champagne in your room. Dinner and dancing start at 9 P.M. on Dec. 31 with delicacies such as foie gras with truffles and deep sea bass with caviar. You get free entry to 60 museums and a cruise on the Seine. The package costs 5,910 francs per person — double occupancy.

These are just a few of the winter deals; you'll find plenty more. Don't limit yourself to major hotels. Check out small, privately owned properties. And always ask for the package by name when you book. It's tough being away during weekends. But at least enjoy while you suffer. ■

In New Zealand's Growing Wine Country

by Erik de Mauny

OVER the last decade, New Zealand winemakers have won international acclaim for the quality of their wines, with their fresh yet complex flowery aromas. The industry started modestly enough in Hawkes Bay on the east coast of the North Island 140 years ago, when French Marist priests planted the first vines on seven acres given them by a friendly Maori chief.

In its early years, Mission Vineyards, as it came to be known, went through various vicissitudes, but in 1898 it was established on its present site, and in 1923, when my family arrived in New Zealand from Europe, it was still the only producer of high quality wines.

So this is where I started my tour, watching the vintner, Paul Mooney, work among the barrels of French oak, and discussing future prospects with the manager, Warwick Orchiston.

As the veteran of New Zealand vineyards, Greenmeadows Mission may lack the glamour of more recent arrivals, such as Kumeu River in Auckland or Cloudy Bay in Marlborough, but it illustrates the versatility of winemaking in New Zealand and Australia. These are wines grown in a cool climate, which means that the grape has time to mature slowly. Hawkes Bay now has 17 winemaking establishments, and while white wines predominate in the country, this region produces fine aromatic reds from cabernet sauvignon, pinot noir and merlot grapes.

Best Red Wine in this year's International Smallmakers Competition in Sydney went to Kate Marris, who has been the vintner at Vidals in Hawkes Bay since 1983, for her Cabernet Sauvignon Merlot Reserve 1987. Vidals, founded by a Spanish winemaker in 1905, has built up a solid reputation, and Marris is confident of even better results over the next year or so. She is one of a growing number of women winemakers.

A more unusual testimony to Hawkes Bay's viticultural prowess came when the wine maker of the local Te Mata vineyard, John Buck, was visiting a French friend at Chavignol in the Sancerre region, and was invited to a blind wine-tasting. Buck and his friend thought it would be fun surreptitiously to enter a sauvignon blanc from Te Mata. There was considerable mystification among the tasters, but they judged it one of the best wines ever entered and were astonished when they discovered its origin.

Paul Mooney among the barrels at Greenmeadows Mission.

After Hawkes Bay, Auckland is the second oldest region for winegrowing, its traditions of viticulture going back to the arrival late last century of immigrants from Dalmatia, who began by eking out a living as gum diggers but turned to planting vines. Immigrants also came from Lebanon, and it is to these two sources that many of the Auckland vineyards, especially in the Henderson district, owe their origin.

We drove out to Matua Valley, where Ross and Bill Spence were the first to introduce sauvignon blanc into the New Zealand wine repertory. Here I saw once more the massive stainless steel tanks, first developed for the local dairy industry, which have helped give a technical advantage to New Zealand winemaking.

Later, in the handsome wood-paneled estate building of the Nobilo vineyards at nearby Huapai, where grapes are also brought in from other districts such as Hawkes Bay and Marlborough, Nick Nobilo gave us several whites and reds to taste, including a soft and fragrant pinotage red, and we also sampled his 1989 sauvignon blanc, which won the grand prix at the Selections Mondiales in Montreal earlier this year. The Nobilo family came originally from the Adriatic island of Korcula. It was the senior Nick Nobilo and his wife, Zuva, who planted the first vines at Huapai in 1943.

A year later, another Yugoslav family, Mick and Kate Brajkovich and their son Mate, founded the Henderson vineyard now known as Kumeu River. A third-generation member of the family, Michael Brajkovich, has won acclaim for his Kumeu River chardonnay, sauvignon and merlot cabernet. He had a guest from Bordeaux, Alain Moueix, of the family that makes Château Pétrus, the celebrated Pomerol that is one of the most expensive red wines in the world, who was spending a year in New Zealand studying local vintages before returning to France.

The New Zealand wine phenomenon is at its most dramatic in Marlborough, at the northern tip of the South Island. Fifteen years ago, there were no vineyards in Marlborough. The first vines were planted in the mid-1970s by the firm of Montana, which now operates the single biggest winemaking plant in the country. The combination of abundant sunshine with stony, free-draining soils has made Marlborough such a desirable site in the eyes of Europeans.

The Champagne firm of Deutz has invested in a joint venture with Montana, and Veuve Cliquot Ponsardin has just signed an agreement with the Marlborough Cloudy Bay winery, established only five years ago by the West Australian firm of Cape Mentelle and already renowned for its 1988 sauvignon blanc. Meanwhile, at the Cellier Le Brun vineyard, set up in 1980, a French winegrower, Daniel Le Brun and his wife, Adele, have been successfully producing sparkling wines by the Champagne method.

A GREAT deal more could be said about the different New Zealand winegrowing regions, such as Gisborne in the North Island and Nelson, Canterbury and Otago on the South Island. I ended my tour in one of the newest regions, at Martinborough, in the Wairarapa north of Wellington. It contains only six small vineyards, which in all produce no more than 1 percent of the country's total wine output.

Yet many experts believe that Martinborough could become New Zealand's most prestigious wine region. Two wines above all are being grown there — chardonnay and pinot noir — and as one expert commented, "It is no coincidence that the top two varieties are those found in France's northern Burgundy region, which enjoys a similar cool climate."

I visited four of the six Martinborough vineyards, starting with Te Kairanga, founded in 1984, where the Australian winemaker, Chris Buhring, showed me a newly completed installation of stainless steel tanks and oak barrels; and at the nearby Palliser Estate, I tasted a promising pinot noir from their first vintage.

With rare exceptions, all the vineyards and winemaking establishments I have mentioned welcome visitors, and a pleasant way of taking a holiday in New Zealand is to follow the wine trails.

New Zealand wines are not particularly cheap. They start at around $10 (roughly $7 U.S.) a bottle and go up to $30 ($21 U.S.) or more for a so-called "boutique" wine from one of the smaller vineyards. But in a country where most people drank only beer or spirits until a few years ago, winegrowers are showing a new confidence. ■

Erik de Mauny is a former BBC correspondent in France, the Soviet Union and the United States. He lives in Normandy.

INTERNATIONAL ARTS AGENDA

AUSTRIA

Vienna

Albertina (tel: 534.83). To Nov. 11: Egon Schiele: a show of 150 watercolors, drawings, sketches and gouaches, in conjunction with the 100th anniversary of the artist's birth.

Musikverein (and Konzerthaus) (tel: 658.190). Oct. 28 to Dec. 9: The third "Wien Modern" festival focuses on the music of Ernst Krenek, Elliott Carter, Witold Lutoslavski and Luciano Berio.

Upper Belvedere To Nov. 25: Egon Schiele: paintings, with preliminary studies and sketches.

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BELGIUM

Brussels

Musée d'Art Moderne (tel: 513.96.30). To Dec. 16: "The Goldschmidt Collection," includes works by Picasso, De Chirico, Klee, James Ensor, Miro, Toulouse-Lautrec.

Palais des Beaux-Arts (tel: 512.50.45). To Dec. 30: "The Human Adventure," the story of human evolution told in 200 exhibits, from fossil remains of early Man to prehistoric art and artifacts.

CZECHOSLOVAKIA

Prague

Národni Galeri (tel: 53.62.53). To Nov. 17: Andy Warhol: 85 prints by the artist from 1962-1987.

DENMARK

Humlebaek

Louisiana Museum (tel: 42.19.07.19). To Jan. 6: Andy Warhol: a retrospective of 100 works, 1960-87.

ENGLAND

London

Barbican Art Gallery (tel: 638.41.41) To Jan. 6: "Chagall to Kitaj: Jewish Experience in 20th Century Art," Over 200 paintings, sculptures, stage designs and installations.

National Portrait Gallery (tel: 556.89.21). To Mar. 17, 1991: "The Raj: India and the British, 1600-1947."

Royal Academy of Arts (tel: 734.90.52). To Dec. 9: "Monet in the '90s: The Series Paintings," the painter's repeated renderings of Rouen Cathedral, Haystacks and the Japanese bridge in his garden in Giverny are among 90 works on view.

Royal Opera House (tel: 240.10.66). Verdi's "Attila," with Edward Downes conducting and cast including Ruggero Raimondi, Renato Bruson and Mara Zampieri. (Nov. 3).

FRANCE

Lyon

Musée des Beaux Arts (tel: 78.28.07.66). To Nov. 19: Edouard Vuillard: a retrospective including 100 paintings and 50 drawings, posters and prints.

Paris

Chateau de Versailles, Saturday Music Series, (tel: 39.49.48.24). Concert series of French music in the royal chapel, Saturdays through November 3.

Fnac Montparnasse (tel: 49.54.30.00). To Dec. 29: Fifty black and white photographs taken by the poet Allen Ginsberg.

Grand Palais (tel: 42.89.54.10). To Jan. 14: Over 400 works by Picasso — paintings, ceramics, sketchbooks — recently acquired by the French state.

Musée Bourdelle (tel: 45.48.67.27). To Nov. 4: "The Artists of La Coupole," includes works by Paris school artists Bonnard, Foujita, Soutine, Léger and Giacometti.

Musée du Louvre (tel: 42.60.39.26). To Jan. 21: "Memoires d'Aveugle, l'Autoportrait et Autres Ruines," features 40 drawings chosen from the Louvre collection by the philosopher Jacques Derrida. Accompanying the exhibition is a text written by Derrida around the drawings. To Nov. 12: Guercino in France: 20 drawings and 36 paintings from French public collections by the 17th-century Italian artist. To Dec. 31: Euphronius: 60 painted ceramics by the 6th-century B.C. Greek artist. To Dec. 31: "French Neoclassical Sculpture" from 1760 to 1830, includes 89 works.

Musée d'Art Moderne de la Ville de Paris (tel: 47.23.61.27). To Nov. 11: "Minimal Art From the Panza Collection," works by the likes of Sol Lewitt, Bruce Nauman, and Carl Andre.

Musée d'Orsay (tel: 40.49.48.14). To Jan. 13: "Manet, Pastels and Drawings," includes 70 works by the artist.

GERMANY

Berlin

Neue Nationalgalerie (tel: 266.8). To Nov. 4: "Carl Blechen (1798-1840): Between Romanticism and Realism," a paintings retrospective.

Cologne

Josef-Haubrich-Kunsthalle (tel: 221.23.35). To Nov. 4: "Art From the G.D.R. in the Ludwig Collection, Oberhausen" includes 100 paintings, drawings, sculptures and graphic works.

Essen

Villa Hügel (tel: 188.4837). To Nov. 4: "Saint Petersburg in 1800: Masterpieces from the Hermitage Collections," includes 555 works of art and artifacts from the Soviet museum.

Museum Folkwang (tel: 88.84.52). To Nov. 4: "Vincent van Gogh and the Moderns — 1890-1914," 186 works, including 54 paintings by van Gogh and works by Picasso, Braque, Matisse, Vlaminck, Derain, E.L. Kirchner.

Frankfurt

Opera (tel: 23.60.61). Kurt Weill and Bertolt Brecht's "Mahagonny" conducted by Steven Sloane, staged by Arie Zinger with sets by Peter Paul (Nov. 3, 5).

Wiesbaden

Landesmuseum To Nov. 25: "To the Point Itself: Women Artists of the 20th Century." Works by 56 artists from Europe, the Soviet Union and the United States.

ITALY

Bologna

Palazzo Pepoli Campogrande (tel: 24.32.22). To Nov. 10: Giuseppe Maria Crespi (1665-1747): a retrospective of 100 works.

Milan

Teatro alla Scala (tel: 809.160). "The Nutcracker" (Tchaikovsky/Nureyev). Nov. 3, 4, 6, 7.

Rome

Palazzo delle Esposizioni (tel: 646.54.85). To Nov. 11: Norman Rockwell: over 100 works by the artist.

Rivoli

Castello di Rivoli (tel: 958.72.56). To Dec. 2: "Expressionist Masterworks on Paper," from the Ludwig Museum, Cologne.

Man Ray, "Augustabernard's new line," in the New York retrospective.

Venice

Fondazione Cini (tel: 528.99.00). To Nov. 18: From Raphael to Canaletto: 60 drawings from the Royal Library of Windsor's Joseph Smith Collection.

Palazzo Grassi (tel: 523.16.80). To Dec. 9: From Van Gogh to Picasso; From Kandinsky to Pollock: 160 paintings and sculptures from the Solomon R. Guggenheim Museum in New York and the Peggy Guggenheim Collection in Venice.

JAPAN

Tokyo

Hara Museum of Contemporary Art (tel: 445.06.51). To Nov. 4: "Surrounded Islands," documents the installations of the artist Christo.

NETHERLANDS

Amsterdam

Stedelijk Museum (tel: 573.29.11). To Nov. 4: "In the U.S.S.R. and Beyond," works by 20 Russian artists from 1970-1990.

Van Gogh Museum (tel: 570.52.00) To Nov. 4: 250 sketches from van Gogh's letters never before publicly shown, from the Van Gogh Museum and elsewhere. To Nov. 4: Emile Bernard (1868-1941): a retrospective which focuses on pre-1890 work.

The Hague

Mauritshuis Museum (tel: 46.92.44). To Jan. 13: "Dutch Masters From the United States," 75 paintings from public and private collections in the U.S., including works by Rembrandt, Vermeer, Van Goyen, Ruisdael, Jan Steen and Frans Hals.

SPAIN

Barcelona

Museum of Modern Art. To Dec. 20: "Modernism," an overview of Catalan art of the turn of the century including paintings, posters, jewelry, glass, furniture, textiles.

Madrid

Museo Español de Arte Contemporáneo. To Dec. 9: "Private Space," domestic life depicted in Spanish art of the past 500 years, with works by 70 painters, from Murillo and El Greco to Picasso and Dali.

SWITZERLAND

Basel

Kunstmuseum (tel: 22.08.28). To Nov. 4: Jasper Johns: a retrospective of drawings from 1954 to 1989.

Bern

Kunstmuseum (tel: 22.09.44). To Nov. 4: Paintings and drawings by Paul Klee done in the last months before his death in June 1940.

Geneva

Musée Rath (tel: 28.58.16). To Nov. 18: "Les vues de l'imaginaire," a selection of 300 vedute engravings by Piranesi.

Lausanne

Fondation de L'Hermitage (tel: 20.50.01). To Jan. 21: François Bocion (1828-1890): 150 landscapes by the artist.

UNITED STATES

New York

Metropolitan Museum of Art (tel: 535.77.10). To Jan. 13: "Mexico: Splendors of Thirty Centuries," includes 400 works from the pre-Columbian era to the 20th century. To Dec. 2: Joseph Wright of Derby: paintings and drawings by the 18th-century English artist.

International Center of Photography Midtown (tel: 593.63.07). To Nov. 25: "Man Ray Bazaar Years," a fashion retrospective.

Museum of Modern Art (tel: 708.97.50). To Jan. 15: "High and Low: Modern Art and Popular Culture." Works by fifty 20th-century artists.

Washington

National Gallery (tel: 737.42.15). To Jan. 27: "Titian, Prince of Painters." Nearly 50 Titians from collections worldwide are on view, including the three surviving ceiling paintings. To Nov. 4: "Kazimir Malevich, 1878-1935," the largest-ever show in the U.S. of the artist's work: includes 170 works.

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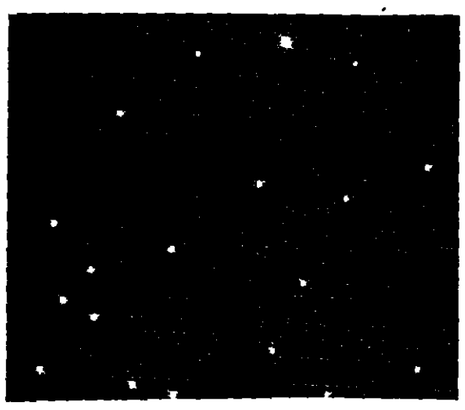

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ACROSS

1 Shade of brown
5 He wrote "The Horse's Mouth"
9 Apportion
14 Roald or Arlene
15 Kind of history
16 Dine at home
17 Historic series of linguistic changes
20 Furies
21 Flat stones, in Mexico
22 Iniquitous place
23 Engendered
25 Dawn goddess
26 Buddhist temple
27 Front-page boxes
29 Andress film: 1965
32 Fencer's stamp of the foot
35 Crown
36 Solar deity
37 Dasht-e-Kavir, in Iran
40 Lunar trench
41 Troublesome one
42 Nowheresville
43 Qty.
44 Caution
45 Watchdog org.
46 Elevator transport
47 Festal pomp
49 One of the Apodes
52 School of Russian poetry
56 Incapacitate
58 "Gloria in Excelsis Deo"
60 Engage in raillery
61 Soprano from Valencia
62 O., to O. Henry
63 Ceremonial dinner
64 Painter Jan van der ——
65 Since, in Selkirk

DOWN

1 Lined
2 French square
3 River of Deutschland
4 —— Bator, in Mongolia
5 Secret
6 Originated
7 Kind of material
8 Primordial substance of the universe
9 Where Xerxes crossed the Hellespont
10 Sunken fences
11 Have —— (try)
12 Plenteous
13 Tolkien's tree folk
18 A Capulet
19 Eyed with bad intent
24 Activity at Reno
26 Prosperity
28 Mil. command
29 Peduncle
30 Queencup, e.g.
31 Within: Comb. form
32 City in Uttar Pradesh
33 Prissy
34 Whack
35 Average talk-show host?
36 Site of the Dead Sea
38 Scanty
39 City on the Rio Grande
44 Salver
45 Sovereign remedy
46 Word with desist
48 Esteem highly
49 "—— and Ivory," McCartney-Wonder hit
50 —— marbles
51 Philippine island
52 T-men, e.g.
53 Algonquian language
54 Fermented drink
55 SALT talks: concern
57 Start of Ore.'s motto
59 Bambi's mother, e.g.

Solution to Previous Puzzle

■	S	A	W	Y	E	R	■	C	A	R	T	E	R	■
B	E	R	E	A	V	E	■	A	L	E	R	T	E	R
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E	L	I	■	E	R	E	M	I	T	E	■	R	O	I
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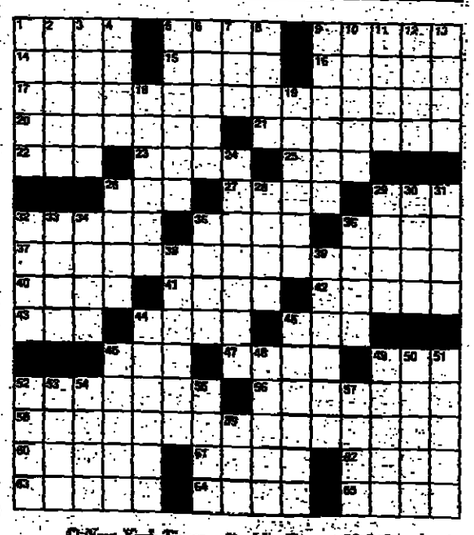

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INTERNATIONAL HERALD TRIBUNE, FRIDAY, NOVEMBER 2, 1990 Page 9

TRAVEL

In India, Another World

Continued from page 7

shipment of ice blocks from America.

There is much else to see: the museums on Pantheon Road, the Kapaleeshwara Hindu temple, a shrine to Siva. San Thome Cathedral is a Roman Catholic church that houses what are said to be the remains of St. Thomas the Apostle.

For the tourist, almost all roads out of Madras lead south, except for the route west to Kanchipuram, known for heavy silk and temples. But the route south, around the tip of India, offers a wealth of attractions.

The coastal road passes the Crocodile Bank, which, despite the souvenir stores that have sprung up, is a center of research on large reptiles. The center is also the base for the Irula snake-catchers' cooperative, where poor tribal people extract venom for sale to medical institutions. For a few cents, you can watch the extractions.

The seventh-century shore temples at Mahabalipuram (also called Mamallapuram) are one of the South's biggest tourist attractions for Indians. Once through the gantlet of seashell-gimmick stalls and food vendors, one encounters a unique spectacle: Sculptures and rock-carvings depicting daily life, religious scenes and themes from mythology are scattered on the beach and nearby hills.

A Tamil Hindu kingdom known as the Pallava Dynasty once flourished in this region, leaving behind little more than these works of art, one of the best known of which is a relief depiction of the hero Arjun's penance before Lord Siva.

From Mahabalipuram, a drive of two or three hours brings the traveler to Pondicherry, the last outpost of colonial France in India. Indians like to think Pondicherry has a Gallic flavor, but that seems to have fast faded since the enclave became part of India in the 1950s. Only the uniforms of the police and the old French-built homes and offices in the seafront area bear witness.

Small studios by artisans from East and West around Pondicherry are producing interesting pottery and leatherwork for shops in cities elsewhere in India.

SOUTH of Pondicherry, on the way to Cape Comorin, the southern tip of India, are two great cities of art and architecture, Thanjavur (known more familiarly as Tanjore) and Madurai.

The highlights of the Chola Empire's capital, Tanjore, are the Brihadeshwara temple and its surrounding ramparts. The temple — that part of it open to non-Hindus — is distinguished by its reliefs and statuary, including a gigantic bull, the nandi, the steed of Lord Siva.

Tanjore also has dozens of other temples and several museums, including a 16th century palace art gallery with a collection of South Indian bronzes.

Madurai is another of India's great temple cities and a favorite destination of Indian pilgrims, who make bus journeys in the most uncomfortable conditions to worship there and pick up a few souvenirs.

A visit to the Shri Meenakshi Temple of Madurai is an experience in the ritual of Hindu temple-going, with all its inevitable sidelights: the beggars, the merchants, the Brahmin holy men; the blur of colored sculpture that fills every inch of the soaring temple's sides; the intense faces of the devotees; the main-chance pitch of the priests who seem to run lucrative sidelines in blessing or enlightening foreigners. Like other temples in the region, this is Dravidian in form, a tall, broad but slightly pyramiding tower with dark, dank interiors.

South of Madurai, India comes to an end in the raging surf of Kanyakumari, on the tip of Cape Comorin, where the Bay of Bengal meets the Indian Ocean. It is another place of pilgrimage: On a pile of sea-sprayed rocks offshore, the 19th century Hindu reformer Swami Vivekananda meditated before setting off on his crusade to restore intellectualism and social responsibility to India's major religion.

It doesn't take more than an hour or so driving up the west coast of India from Kanyakumari to begin the Kerala experience. Kerala looks and feels like another country, a tropical setting for a cosmopolitan people who were beneficiaries of an odd trinity: progressive kings, a strong Christian school system and later Communist-led governments.

To begin to grasp this odd historical confluence, stop at Padmanabhapuram, near the town of Nagercoil. Padmanabhapuram was once the capital of the maharajahs of Travancore, what is now Kerala. The small town contains one of their palaces, perhaps India's finest but least visited treasures, in a woodsy setting.

Much of the small, homey palace, which is extremely well-preserved, is built of wood, with floors finished in a secret-formula eggshell lacquer. Here the visitor can sense the atmosphere of a genteel court where women amused themselves on giant indoor swings that are characteristic of South India. Paintings and prints from the Travancore art collections hang on the walls, and silent courtyards are undisturbed sets for the rituals of courtly life.

North of Padmanabhapuram, the road to Trivandrum passes near the beach resort of Kovalam, which India would like to develop into a major tourist area. Kovalam has its fans, but the beaches, and certainly the hotels, of nearby Sri Lanka (a short flight from Trivandrum or Madras) are far better. But the Kerala coast is attractive, with palms dipping over the sand, often shading small white churches that face the sea.

Trivandrum has a long beach, too, where people walk in the cool evening breezes. But the town itself, a few miles inland, is all bustle. Its bazaars, shops and handicraft centers make the town a good place to shop for South Indian crafts. There are interesting brass pieces for sale — bowls, urns, water jugs, vases, *idli* steamers (for making soft rice cakes). There are also *lungis* (sarongs) of the lightest-weight cottons, often trimmed in gold, dance masks, baskets and rugs.

A HALF day's drive north from Trivandrum lies Cochin, Kerala's old port city and the gem of the coast.

A port with a history so rich and a setting so perfect that it could make a vacation destination in itself, Cochin — and adjacent Ernakulam — reflects the essence of Kerala: facing the sea with eyes open to the world. Cochin houses India's oldest Jewish settlement and last remaining Jewish neighborhood. It also has Syrian Christian churches whose beliefs (but not buildings) date from the first century, and later Roman Catholic and Dutch Protestant chapels that add to the cosmopolitan architectural feel of the town. There are warehouses, offices and spice factories several centuries old, and a 16th-century Portuguese-built, Dutch-renovated palace, the Mattancherry. Formerly the home of the Rajah of Cochin, it is now a very pleasant small museum.

Old Cochin is a busy, noisy town, but it is possible to walk around parts of it, including the waterfront near St. Francis Church, the oldest church erected by Europeans in India. A stretch of beach here is chockablock with Chinese fishing nets, raised and lowered by pulleys. Another good neighborhood for walking surrounds the old Cochin Synagogue, built in the 16th century and the center of the last major Jewish community in India.

Kerala's finest spectacles are often stumbled on, and they are mesmerizing. It may be a temple fair and, if you are lucky, one with a procession of decorated elephants. Under the dark tropical sky, crowds of women move arm-in-arm, fragrant flowers wound into their hair, and hundreds of food carts offer treats. The effect is a kind of magic found nowhere else in this vast country. ■

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Arnud Gerg for The New York Times

The Dravidian Shri Meenakshi Temple at Madurai is an experience in Hindu ritual.

Where Daily Life Is a Cliff-Hanger

by Isabel Soto

MOST Spanish towns faced with Cuenca's need to expand in the 18th century would have spread out along the countryside. But Cuenca, perched on the top of a hill, turned not to the earth but to the sky.

Its improbable solution stands all along that part of the town that clings to the side of the hill and that faces the Huécar River: hanging houses.

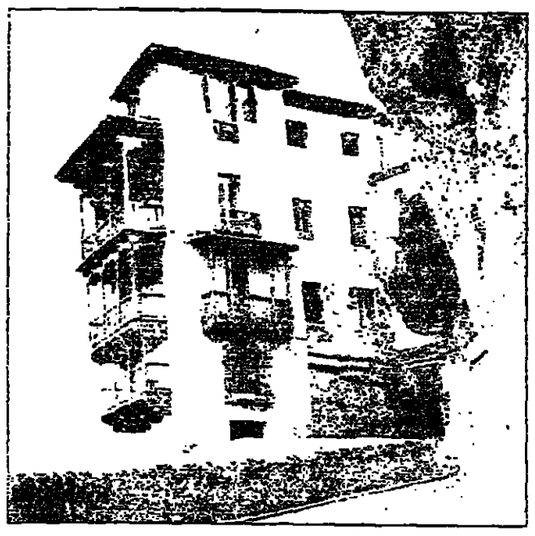
The flat-fronted dwellings in the Barrio de San Martin, so starkly simple a child could draw them, rise seven or eight teetering stories above a ravine and the Huécar to the east. The dwellings, called *rascacielos*, or skyscrapers, are entered on the street level from their west-facing fronts, at which point they rise no more than two or three floors. Their closest architectural counterpart is probably the monastic city on Mount Athos in northern Greece.

While the Greek monasteries tower up on brick turretlike edifices, the hanging houses of Cuenca, about 145 kilometers (85 miles) east of Madrid, appear to extend from the rock itself. It is as if the town were trying to outgrow itself, reaching ever higher in an effort to compensate for the ravine below.

The hanging houses are unadorned and unassuming, an exact reflection of their purpose: homes for ordinary people. The functional having long ago yielded to the aesthetic, they are undergoing restoration in a regionally financed program that aims to preserve the local heritage. The houses, which are part of the old quarter, are reached by walking up the steep, narrow cobbled streets that link the new and old parts of the town.

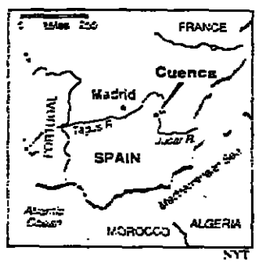
A RICH reward lies at the end of the grueling 15-minute climb: medieval and Renaissance Cuenca, perched atop a gigantic limestone scar surging dramatically between the Júcar and Huécar rivers.

It is hard to say where the old town, the *casco viejo*, begins and the bedrock ends. The new town did not begin to emerge, slowly, until the 18th century, from the huddle of buildings that Cuenca had more or less remained since King Alfonso VIII of Castile wrested the town from Moorish rule in 1177. This expansion came to be known as the *casco moderno*.



Jaime Suarez for The New York Times

A hanging house above the Huécar River in Cuenca.



NYT

The Moorish layout of the town is still evident in the narrowness and seeming arbitrariness of the streets that radiate from the Plaza Mayor.

The old town's architectural high spots are gathered around a maze of narrow, cobbled streets. Many lead off the main square, where shops offer a tempting selection of pottery and ceramics from all over Spain — from the cream-glazed earthenware of Jaén to brightly colored ceramic jars of Talavera.

One of the square's finest buildings is the City Hall, dating from the 17th century, with a richly ornate Baroque facade. Also of interest is the triple-naved 12th century cathedral.

There is a cluster of hanging houses close by the cathedral at the northernmost part of town that are clearly distinguishable from the skyscrapers by virtue of their location, function and appearance. These houses, reputedly of noble origin, acquired somewhat ornate wooden cantilevered balconies in their first reconstruction in the 1920s and today accommodate one of Cuenca's finest restaurants, the Mesón Casas Colgadas, as well as the Museo de Arte Abstracto Español.

Works by Spain's leading abstract artists (Eduardo Chillida, Fernando Zóbel, Antonio Saura, Antoni Tápies) are displayed to perfection in a 15th century building. The museum, restored and coaxed into a worthy setting for the works by the small founding group of artists, itself is a work of art. The museum was chosen European Museum of the Year in 1980 by the European Council. The museum is run by the Fundación Juan March, and offers in addition to the paintings an art library and archives on Spain's abstract artists.

Nearby, the Mesón Casas Colgadas offers spectacular views over the Huecar ravine; its parent restaurant, the Figón de Pedro, is in the modern quarter. Both are decorated in traditional Castilian style, combining whitewashed walls with rustic folk-art features such as ceramics, exposed wooden beams and antique household utensils.

Traditional starters make full use of local produce. *Morteruelo*, served hot, is a rich but surprisingly digestible pâté of hare, partridge, *jamon serrano* (a Spanish cousin of Parma ham), pig's liver, all pureed together with a large, flat loaf of bread traditionally baked in small towns and villages. It is much less compact than most other pâtés and chunks of bread may be dipped into it or it can be eaten with a spoon.

Ajo arriero is another local pâté, made with mashed potato, shredded salt cod, egg and blanched garlic.

Mojete combines baked red peppers, peeled and torn into strips, with shredded salt cod. The ingredients are liberally doused with olive oil.

Although the Spanish are a nation of enthusiastic fish eaters and good, fresh fish is available everywhere, Cuenca specializes in meat and game, and it should be tried. A favorite is milk-fed lamb, roasted or charcoal-grilled in the form of succulent tiny cutlets, *chuletillas*, often with the kidney left on.

The Figón offers those with more curious palates such culinary innovations as loin of venison with raspberry sauce.

A FULL-BODIED red rioja wine, such as the excellent Vina Ardanza, is a good accompaniment, with the venison and the other dishes. Desserts reveal an Arab influence, especially in *alaju*, a type of nougat whose chief ingredients are honey and hazelnuts. Alaju is best accompanied by *resoli*, also of Moorish origins, a potent local combination of dry brandy, sugar, orange peel, cinnamon and coffee.

Spring is one of the best times to visit Cuenca, when the surrounding countryside bursts into color. It is also, of course, the time when the town celebrates Easter.

Cuenca's Holy Week is deeply imbued with the Spanish sense of Catholicism and lacking the almost pagan revelry and excesses that typify the celebrations in Seville. It is preceded by an annual Festival of Religious Music, held in the San Miguel church overlooking the Júcar. Hotel reservations should be made months in advance for that time of year.

Cuenca's natural setting, the rugged but rich woodland surroundings, invite long walks. Eight miles northeast is the Enchanted City, with fantastic rock formations that resemble houses, palaces, squares and streets. ■

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Terezín

Continued from page 7

the ingenuousness of a clumsy translation: "Their reminiscences and their dreams, which did not always come true, are alive in their drawings even nowadays."

One section was devoted to the boys who lived in building L-417-I. With the help of their adult supervisor, Valtr Eisinger, they secretly published a magazine called Vedem (We Lead). It appeared weekly until the autumn of 1944, when the entire group was sent to Auschwitz. The editor was a 14-year-boy named Petr Ginz. A photograph of Petr showed an awkward adolescent with a shy, buck-toothed smile, a cowlick of dark hair falling over his forehead.

The following morning I made the hour-plus trip to Terezin, taking the bus from the Fucíkova station in Prague. The town was founded at the end of the 18th century on the order of Emperor Joseph II, who named it Theresienstadt, after his mother, Maria Theresa. At that time Bohemia and Moravia were part of the Habsburg domains, and Theresienstadt was built as a fortress against the Prussians. Two sets of fortifications were constructed: a larger one, which became a free royal town, and a smaller outpost called Little Fortress.

By the beginning of the 20th century, Theresienstadt had fallen into insignificance, but the Little Fortress was converted into a military prison. Its most notorious inmates were the Serbian nationalist Gavrilo Princip, who assassinated Archduke Franz Ferdinand at Sarajevo in 1914, and two of his confederates in the plot. By the end of the war they helped to launch, all three had died in Theresienstadt of tuberculosis.

Today, the Little Fortress is the site of a national cemetery and memorial for the victims of Terezin. During the Nazi occupation, the Gestapo used the fortress as a prison for political prisoners. Most of the inmates were Czechs, but in the course of the war, resistance fighters from Slovakia, Poland, France, Italy, Yugoslavia and other countries were brought there, as well as Jews in the Terezin ghetto who had been accused of petty offenses.

Roaming through the prison blocks, I felt like a voyeur peering into the misery of other people. Yet some things are almost impossible to imagine. A tiny cell, with a single wooden bunk — where did the 12 people who were once imprisoned in it stand, where did they sleep? A long underground tunnel emerged onto a quiet patch of grass. Here, on May 2, 1945 — six days before Soviet troops arrived — 51 boys and girls, members of a clandestine youth group, were put up against the fortress wall and shot. I ate lunch in a small restaurant near the entrance to the prison, and learned later that this building had been the SS officers' canteen.

A bridge over the River Ohre leads from the Little Fortress to the town of Terezin. Before the war the population had been about 7,000, but by 1942 almost 60,000 Jews were crammed into the ghetto. During the autumn of that year the camp was hit by epidemics of various diseases and almost 100 people died each day. But the Terezin that greeted me was a quiet, dusty provincial borough, a place of little laughter and much forgetting. The only reminder I could find was an unobtrusive plaque on a Neo-Classical building just off the main square, the former L-417-I, where Petr Ginz and Valtr Eisinger spent their last months before being sent to die at Auschwitz.

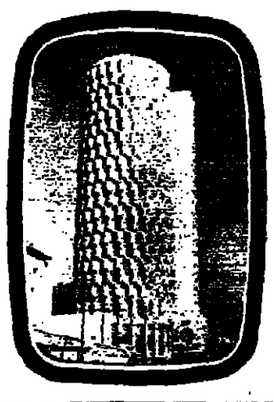
At first the dead of Terezin were buried in a hollow outside the town walls, but in October 1942, at the height of the epidemics, the Nazis forced the prisoners to build a crematorium nearby. From the outside, the building vaguely resembled a church; but inside, in place of pews, are four massive black ovens.

While I gazed at one of the trolleys, my imagination drifted back to the children's drawings in Prague, and to one watercolor in particular, by a girl named Helga Pollaková. She would have been about 14 when she came to Terezin. It was a haiku of a painting: brown twigs, green stems and leaves, a red splotch for the sun, set down in vivid brush strokes against a white background. The composition was strikingly light and airy, and I thought that perhaps, while painting it, Helga had briefly floated above the reality that would soon claim her.

The image evaporated, and I was left staring at the cold black iron of the trolley. ■

Michael Balter is a free-lance writer living in Paris.

By Edita Fischlová, in 1944 at age 12. She survived Terezin.



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BUSINESS/FINANCE

FRIDAY, NOVEMBER 2, 1990

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WALL STREET WATCH

Once a Star, Telerate Now Adds to Dow Jones' Woes

By Barnaby J. Feder
New York Times Service

NEW YORK — When Dow Jones & Co. bought a 32 percent share of Telerate Inc. in 1985, The Wall Street Journal, its other business publications and its electronic news services were flourishing. Telerate was doing even better, as sizzling demand for its computerized price quotes on U.S. government bonds and other financial instruments allowed it to report annual earnings growth of more than 50 percent for five straight years.

"We believe that Telerate has outstanding potential for future growth, and we want to share in that," Warren H. Phillips, Dow Jones's chairman and chief executive, said at the time.

These days, as the 64-year-old Mr. Phillips prepares to turn over the reins at Dow Jones on Jan. 1 to Peter R. Kann, Telerate still has plenty of growth prospects, but its problems are as notable as its potential.

Telerate's mistakes were largely hidden until the '87 collapse.

That difference makes investors nervous because Dow Jones now has no one to share the risks, having completed the acquisition of Telerate last January.

Worse still, Telerate is confronting a legacy of managerial, product and marketing shortcomings at a time when sagging profits at The Wall Street Journal, Barron's and other Dow Jones publications are forcing morale-sapping cutbacks throughout the company.

To be sure, Dow Jones is still solidly profitable. The company earned $23.8 million on revenue of $408.5 million in the third quarter. But that represented a decline of 17.5 percent from a year earlier. For the first nine months of the year, net profit from normal operations were down by more than 26 percent, to $83.5 million.

The decline extended a trend that began last year, when operating profit fell 4.6 percent, to $335 million, on revenue of $1.7 billion. On Tuesday, Moody's Investors Service Inc. downgraded a portion of Dow Jones's long-term debt from Aa3, to Aa2, still a stellar rating, citing lower revenues from advertising and information services.

TELERATE'S ROLE in the earnings decline has attracted the attention of Wall Street analysts. They had counted on Telerate to be the engine in the company's information services group and had counted on that group to provide the company's most exciting growth opportunities in the 1990s.

But Telerate has been pulling profits down this year. Earnings in the information-services group fell 36 percent from 1989 in the most recently reported quarter.

Part of the decline reflects Dow Jones's costs in acquiring Telerate, an accounting matter that has nothing to do with the unit's performance. But Telerate's domestic business is slumping, and the company has been forced to pour more money than expected into developing and marketing a new electronic trading system for foreign exchange.

Now, analysts are wondering how rapidly Dow Jones can get Telerate back on the high-growth track. "I'm not very confident," said Michael Ellman, who follows Dow Jones for Wertheim Schroder & Co.

Telerate's strengths are well established. It flashes thousands of screens of market data and news to nearly 90,000 subscribers around the world that lease Telerate terminals, and sells its data to many others who use it in their own computer systems.

Thanks to an exclusive arrangement allowing Telerate to publish price quotations from Cantor Fitzgerald Inc., a government securities broker, it provides investors and traders with the most authoritative information available on what the handful of

See TELERATE, Page 13

Japanese Banks Warn of Profits Slide

By Leigh Bruce
International Herald Tribune

Four of Japan's largest commercial banks said Thursday that profits are likely to fall sharply this year, confirming the view of analysts that Japanese banks face a period of difficult adjustment.

In statements made in London and Tokyo, Mitsui Taiyo Kobe Bank Ltd., Fuji Bank Ltd., Sanwa Bank Ltd., and Dai-Ichi Kangyo Bank Ltd. estimated that profit will be down by an average of 27 percent for the year ended March 31, 1991.

Analysts said they did not expect the decline in profit to affect the ability of Japanese banks to meet new international capital-adequacy guidelines, though they asserted that their efforts to do so would continue to pressure profitability.

"The Japanese banks will grow more slowly, they will raise more expensive capital and their overseas push will continue to slow as a result," said John Tyce of Nomura Research Institute.

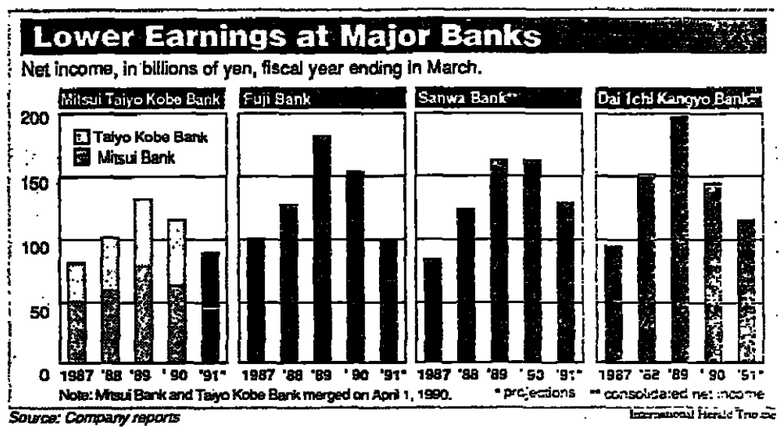
Mitsui Taiyo reduced its projected net profit for the year to 90 billion yen ($695.5 million) from 125 billion yen; Fuji Bank to 100 billion yen from 150 billion; Sanwa Bank to 130 billion yen from 160 billion; and Dai-Ichi Kangyo to 115 billion yen from 165 billion.

Analysts said the decline was somewhat worse than expected, though a series of results from regional banks in recent weeks had foreshadowed the news. They blamed the sharp increase in the cost of funds, the 38 percent decline in the Tokyo stock market this year as well as problems in the property market worldwide for the squeeze.

"People might not have fully appreciated just how tough the pressure on the banks' profitability is at the moment," said Mr. Tyce.

Rodney Schwarz of Lehman Brothers International said the recent tendency of Japanese banks to pull back from a variety of domestic and international markets as a result of their current problems will be accentuated. "In the interim that means the

See BANKS, Page 16



Firms to Spend Less on Modernization

Compiled by Our Staff From Dispatches

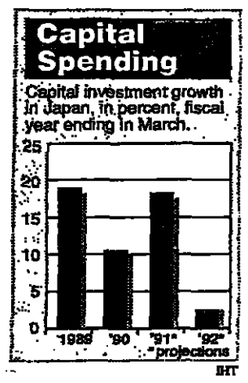
TOKYO — The growth rate of capital investment by Japanese corporations is expected to fall sharply to 2.5 percent in the next fiscal year from more than 18 percent in the current year, a key government ministry said Thursday.

The Ministry of International Trade and Industry said a survey conducted in September showed that manufacturing companies actually plan to cut capital spending 2.3 percent in 1991/92, following a 25.7 percent rise this year.

Japanese companies have traditionally been able to raise cheap capital, allowing them to invest heavily to modernize, increase productivity and expand. Analysts have said that such heavy investment has given Japanese concerns a competitive edge over Western companies.

The MITI report said that high interest rates and uncertainties over the Gulf crisis are the main reasons for the expected slower pace of capital spending in the 1991/92 fiscal year.

"The expansionary phase of capital spending is nearing a turning point," a ministry official said. "If the current high interest rate level continues over the next year, companies may even have to revise down the 2.5 percent forecast," he added.



The MITI survey found that 28.4 percent of the companies would revise down capital investment plans if interest rates continue to rise.

Japan's prime rate, at which major companies borrow from banks, is currently 8.3 percent, up from 6.2 percent a year ago and from 5.7 percent in June last year.

The report said that actual corporate investment growth in 1989/90 was 10.5 percent, down slightly from 18.9 percent in 1988/89.

The survey covered 1,120 firms in major industries. The 1991/92 plans are subject to change because of uncertainties over the financial market outlook and the Middle East situation, a ministry official told reporters.

An advisory panel, which studied the survey results, on Thursday called on the government to manage macroeconomic and monetary polices so as to prevent high interest rates from adversely affecting capital spending, the spokesman for the group said.

"We hope the high interest rates will not discourage firms from making the necessary investment as current rates are already felt by companies to be too high," said the spokesman for the panel, which is largely composed of industrialists.

The panel spokesman noted that private capital investment contributed 1.7 percent of the 4 percent in economic growth projected by the government for 1990/91.

Much of Japan's economic boom for the last four years has been funded by cheap bank credit and a soaring stock market.

But in addition to the growing uncertainty about the Middle East, the report warned that if the stock market remains weak for an

See INVEST, Page 16

Amid Ruble Ruckus, Finland Halts Soviet Trade

Compiled by Our Staff From Dispatches

HELSINKI — The Bank of Finland halted trade with the Soviet Union on Thursday because of confusion over exchange rates set by Moscow, the central bank announced.

The new commercial ruble rate, set last Friday, also created havoc in Moscow, where banks stopped selling dollars, hard-currency shops closed for the day and various state organizations refused orders for goods priced in dollars until the air had cleared.

The Finnish central bank did not publish its usual quotation for the ruble and the Finnish markka, meaning there was no official basis on which to exchange the two currencies.

"To put it mildly, we are somewhat unsure of what is going on," said Kari Holopainen, director of Soviet trade at the Bank of Finland. He said there was confusion over payments made by the Moscow bank that deals with Soviet foreign trade.

Central bank officials said they believed it was the first time since World War II that trade between the two countries was stopped.

Finnish-Soviet trade totaled 16.7 billion markka ($4.6 billion) in the first nine months this year, Mr. Holopainen said.

Under arrangement dating back to World War II, three-quarters of Finnish-Soviet trade is conducted by barter through a clearing house, with cash accounts used to smooth out inequities. Barter with the Soviet Union represents only 11 percent of Finnish total foreign trade but 90 percent of Finland's oil comes from Soviet sources.

The currencies had been exchanged recently at rates near 6.5 markka to one ruble.

Mr. Holopainen said the central bank was not informed by the Soviet Union which of three new rates the Soviets have adopted applied to the "clearing ruble" used in Finnish-Soviet trade.

"In any case we have stopped all payments in the clearing-house trade with the Soviet Union for the time being," he said.

Earlier this year, officials announced that the two countries would scrap their barter arrangement and conduct trade on a conventional basis. The Soviet Union trades mostly raw materials for the equivalent in Finnish industrial and wood products.

The barter system has already been eroded by trade with exchangeable currencies. Finnish-Soviet barters accounted for 26 percent of Finland's foreign trade in the early 1980s, compared with the present 11-percent level.

Mr. Holopainen said no agreement had been reached with the Soviets on continuing clearing-house trade after this year. "There is nothing on paper and I am somewhat concerned," he added.

In Moscow, most people appeared confused by the currency changes. The new rate devalues the commercial ruble, which is used for foreign business transactions, sharply against the U.S. dollar. The rate, which had not changed since 1961, is now 55 cents per ruble, compared with $1.60 previously.

One Moscow bank on Thursday refused to sell customers dollars, saying it did not yet know what the rate was. The *beriozkas* — the hard-currency shops — outside which long queues of Russians had formed in the past few days, closed to change price tags for their goods that are priced in hard rubles.

In addition to the commercial rate, the ruble still has an almost meaningless official rate set at 0.6 to the dollar. There is also a tourist ruble rate (6 to the dollar), a rate set by auction for the purchase of foreign currency for business purposes (about 25 to the dollar) and a black market rate, which is currently about 15 rubles to the dollar.

(AP, AFP)

Germany Raises Lending Rate, Mark Surges

By Richard E. Smith
International Herald Tribune

FRANKFURT — The Deutsche Bundesbank raised a key lending rate Thursday, causing the Deutsche mark to surge against the dollar, yen and pound.

The Bundesbank went to considerable lengths to downplay its decision to raise the Lombard rate, which is its emergency funding rate, by 0.5 points to 8.5 percent as a purely technical move.

"No general increase in interest rates is intended at the present time with the raising of the Lombard rate," the central bank said in a statement.

But not everyone seemed convinced.

The dollar, which has been trading for some time at or near record lows against the mark, fell to 1.5075 DM from 1.5167 in London following the German action. Analysts said the drop showed how fragile the U.S. unit was.

Although the German bond markets apparently accepted the Bundesbank's statement at face value and were steady or even stronger, the mark quickly became the day's strongest currency gainer.

Within hours of the German action, the Dutch central bank scrambled to lift its discount rate by 0.25 points to 7.25 percent, along with two other key rates.

"There were technical reasons for the German move but it can also be seen as a bit of a warning shot," said Mark Brett, currency analyst at Barclays de Zoete Wedd in London.

The Bundesbank has in particular been wagging a warning finger for months at the government in Bonn about its vast borrowings to finance reunification.

With borrowing soaring toward annual levels around 100 billion DM, Bundesbank directors have rarely missed opportunities to lecture the government about the need to trim budgets if it is to stick to its pledges not to raise taxes.

In one of the sterner lectures, the Bundesbank board member Hans Tietmeyer said last week that failure to trim budgets could force the bank to tighten its policy.

While the government may not be in any mood to listen to warnings about cutting budgets or raising taxes five weeks before national elections, the Social Democratic opposition candidate, Oskar Lafontaine, quickly claimed that the rate increase was "the bill for Chancellor Helmut Kohl's uncontrolled state borrowing."

Analysts said that the action may to some degree at least have allowed the Bundesbank to make politicians think twice about election promises on taxes or spending.

"The Bundesbank may have just wanted to show that it is still there," said Hermann Remsperger, economist with BHF Bank in Frankfurt.

Some economists suggested that the Bundesbank, hardly able to for-

See MARK, Page 13

Gloom Grows at GATT With Argentine Threat

Compiled by Our Staff From Dispatches

Gloom deepened about the Uruguay Round of GATT trade negotiations on Thursday when Argentina threatened to withdraw from the negotiations and a French minister predicted that there would be no agreement when talks on cutting farm subsidies resume Monday.

In Buenos Aires, Agriculture Secretary Felipe Sola said Argentina may refuse to sign the document ending the Uruguay Round next month if the 100-nation group does not agree to reduce farm-export subsidies.

Asked at a news conference whether Argentina, a major farm exporter, was considering withdrawing from the General Agreement on Trade and Tariffs round that began four years ago, Mr. Sola said, "If there is a deadlock, yes."

Argentina loses $1.5 billion a year, or about 25 percent of farm export income, because other countries, mostly Europe and the United States, heavily subsidize their farm exports, Mr. Sola said.

"We want to produce a crisis in these talks," he said, so that the position is accepted of the so-called Cairns group of agricultural nations. That group consists of Australia, New Zealand, Argentina, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, the Philippines, Thailand and Uruguay.

That position recommends a reduction of farm-export subsidies of 75 percent between 1990 and 2000, he said.

Mr. Sola plans to travel to Geneva this weekend for GATT talks scheduled to be held next Monday and Tuesday.

In Paris, the French farm minister, Louis Mermaz, predicted that Monday's negotiations would be a failure.

"If the European Commission doesn't come up with a new proposition, we might not even have a meeting," he told reporters.

The European Commission has proposed reducing farm support by 30 percent between 1986 and 1996 but France, supported by Germany, has been resisting the plan.

EC ministers have failed in six meetings to agree on a farm subsidy cut offer to be presented to the GATT talks.

"If the EC failed in the GATT negotiations, it would be an economic and social catastrophe," Mr. Mermaz said. *(AP, Reuters)*

CURRENCY RATES

Cross Rates

Nov. 1

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.7175	3.22	1.1374	0.3346	0.1386 *	—	5.479 *	1.2277	1.3117 *	1.469	1.298 *
Brussels						Closed					
Frankfurt	1.523	2.944	—	0.2965	0.1227 *	0.8869	4.862 *	1.1777	1.1635 *	1.3032	1.153 *
London (a)	1.946	—	2.9148	9.242	2.301.50	3.2093	50.32	2.4898	253.955	2.2688	164.55
Madrid						Closed					
Milan						Closed					
New York (b)	—	1.9445 u	1.5044	5.5446	1.2880	1.696	30.945	1.3735	130.55	1.1648	94.595
Paris						Closed					
Tokyo	128.55	252.68	85.33	25.64	0.1146	70.73	4.3726	101.28	—	111.87	1.3718
Toronto	1.1643	2.2856	0.7744	0.223	1.033 *	0.6147	3.733 *	0.9143	0.8912 *	—	1.221 *
Zurich	1.2813	2.4944	0.8472	0.2536	0.1122 *	0.7326	4.1387 *	—	0.9523 *	1.0972	1.3487*
1 ECU	1.2569	0.6999	2.3595	0.6895	1.543.46	2.2222	42.4024	1.2456	177.683	1.5837	129.172
1 SDR	1.4251	0.7375	2.1715	Clsd.	Clsd.	2.4489	Clsd.	1.8443	186.143	1.6703	Clsd.

Closings in London and Zurich. Fixings in other centers. New York closing rates. Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	5409.6	Greek drac.	153.08	Mex. peso	2921.00	S. Afr. rand	2.548
Austral. $	1.2744	Hong Kong $	7.795	N. Zealand $	1.6286	Soviet ruble*	0.55242
Austr. schil.	10.68	Indian rupee	18.214	Norw. krone	5.922	Swed. krona	5.655
Brazil cruz.	100.86	Indo. rupiah	1868.01	Phil. peso	25.49	Taiwan $	27.78
Chinese yuan*	4.72	Irish £	0.5461	Port. escudo	133.88	Thai baht	25.67
Danish krone	5.789	Israeli shek.	1.977	Saudi riyal	3.7509	Turkish lira	2747.00
Egypt. pound	2.7935	Kuwaiti dinar	n.a.	Sing. $	1.706	UAE dirham	3.6725
Fin. markka	3.638	Malay. ring.	2.6998	S. Kor. won	713.18	Venez. boliv.	49.78

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.9256	1.9166	1.9092	Canadian dollar	1.1732	1.1772	1.1816
Deutsche mark	1.5151	1.5139	1.5129	Japanese yen	131.16	131.07	131.05
Swiss franc	1.2669	1.2686	1.2693				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

INTEREST RATES

Eurocurrency Deposits

Nov. 1

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	7 ⅝-7 ½	8 ⅛-8 ¼	8 ⅛-8 ¼	13⅝-14	9⅝-9¾	7 ⅝-8 ⅛	9 ⅞-9 ⅞	8¾
2 months	8-8⅛	8⅛-8¼	8¼-8⅜	13⅞-14	9 ⅞-9 ⅞	8 ⅛-8 ⅜	9 ⅞-9 ⅞	8 ⅞
3 months	7 ⅞-8 ⅛	8¼-8¼	8¼-8⅜	13 ⅛-13 ⅜	9 ⅞-9 ⅞	8¼-8 ½	9 ⅞-10 ⅛	8 ⅞
6 months	7⅞-8	8¼-8⅜	8 ⅛-8 ¼	13 ⅛-13 ⅜	9 ⅞-10 ⅛	8¼-8⅜	9 ⅞-10 ⅛	8 ⅞
1 year	8-8⅛	8 ⅛-8 ¼	8 ⅛-8 ¼	12 ⅞-13 ⅛	10⅛-10¼	8 ⅛-8 ⅜	10 ⅛-10 ⅜	9

Sources: All Reuters except ECU: Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

Nov. 1

	Close	Prev.
United States		
Discount rate	7.00	7.00
Prime rate	10.00	10.00
Federal funds	8.00	8.00
Call money	7.50	7.50
Commercial paper 90-179 days	7.02	7.10
3-month Treasury bills	7.05	7.09
6-month Treasury bills	6.83	6.93
1-year Treasury bills	6.67	6.78
30-year Treasury bond	7.35	7.25
3-month CD's	7.75	7.25
3-month CD's		
Japan		
Discount rate	6.00	6.00
Call money	7 13/16	7 27/32
3-month interbank	N.A.	8 3/32
3-month interbank	8 1/16	8 1/16
West Germany		
Discount rate	6.00	6.00
Lombard rate	8.50	8.00
Call money	8.00	8.00
1-month interbank	8.25	8.25
3-month interbank	8.60	8.60
6-month interbank	8.70	8.70
Britain		
Base lending rate	14.00	14.00
Call money	14¾	14½
3-month interbank	13¾	13 9/16
6-month interbank	13 5/16	13¼
France		
Intervention rate	9¼	9¼
Call money	Clsd	9¾
1-month interbank	—	10.00
3-month interbank	—	10 1/16
6-month interbank	—	

Sources: Reuters, Salomon Brothers, Bank of Tokyo, Commerzbank, Credit Lyonnais.

Asian Dollar Deposits

Nov. 1

1 month	7⅝ - 8
2 months	8 - 8⅛
3 months	7 ⅞ - 8 ⅛
6 months	7 ⅞ - 8 ⅛
1 year	8 - 8⅛

Source: Reuters.

U.S. Money Market Funds

Nov. 1

Merrill Lynch Ready Assets
30-day average yield: 7.55
Telerate Interest Rate Index: 7.695
Source: Merrill Lynch, Telerate.

GOLD

Nov. 1

	A.M.	P.M.	Chge
Hong Kong	379.50	378.55	—0.10
Luxembourg		Closed	
Paris (12.5 kilo)		Closed	
Zurich	378.50	380.45	+2.20
London	380.10	380.40	+0.90
New York	—	381.25	+1.75

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.

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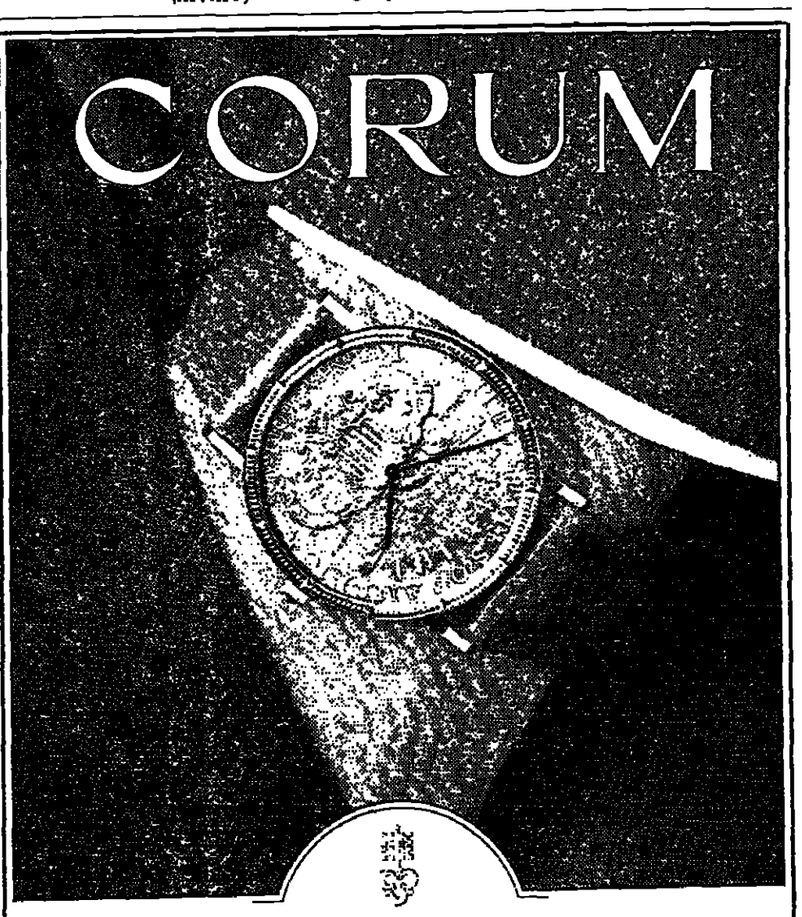

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NYSE

Thursday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Last	Chge
		A								
37½	9½	AAR	.48	4.7	6	822	10¾	10⅛	10¾	— ⅛
6⅞	2⅞	ACM n	.01	12.2	—	344	8⅞	8⅛	8⅛	+ ⅛
11½	8⅞	ACMGN	1.20	12.4	—	1534	10½	9⅞	10½	+ ⅛
9⅞	6½	ACM M n	1.01	13.7	—	394	7½	7⅛	7⅛	
12⅞	10	ACMNAM	1.50	12.5	—	163	11⅞	11⅞	11⅞	— ⅛
15⅞	9⅞	ACM Sc	1.24	12.9	—	887	9⅞	9½	9⅞	+ ⅛
9⅞	7⅞	ACMSp	1.01	12.2	—	732	8⅞	8	8⅛	+ ⅛
24⅞	15½	AL Lab	.16	.9	16	88	18⅛	17⅞	18⅛	+ ⅛
2⅞	1	AM Intl			—	1210	1⅞	1	1⅛	+ ⅛
21⅞	4⅞	AM In pf	2.00	36.6	—	15	5⅞	5⅛	5⅛	+ ⅛
74⅞	34⅞	AMR			—	2111	47⅞	45⅞	47⅞	+1½
4	1⅛	ARX			—	5	1⅞	1½	1½	— ⅛
72⅞	38⅞	ASA	3.00a	4.8	—	408	44⅞	44	44⅞	— ⅛
3½	3⅛	ATTC wt			—	2727	3⅛	3⅛	3⅛	— ⅛
49⅞	31⅞	AbtLab s	.84	2.1	19	9413	40⅞	39⅞	40⅞	— ⅛
14	11⅞	AbtRl p	.50			104	11⅞	11⅞	11⅞	— ⅛
11⅞	4⅞	Acme E	.40	7.3	7	7	5½	5½	5½	+ ⅛
9⅞	5⅞	Acme E	.12	5.8	19	1076	2½	2½	2½	— ⅛
32⅞	18⅞	Acuson s				1	22⅞	22⅞	22⅞	+ ⅛
16⅞	14⅞	AdcEx	2.04e	12.6	—	190	15⅞	14⅞	15⅞	+ ⅛
15⅞	10	Adobe			—	79	11	10⅞	11	— ⅛
28⅞	16½	Adob pf	1.84	10.5	—	8	18⅞	18⅞	18⅞	+ ⅛
21⅞	19⅞	Adob pl	2.40	11.9	—	12	20⅞	20	20⅞	+ ⅛
11⅞	4⅞	AMD			—	1268	4	3⅞	3⅞	— ⅛
32⅞	14	AMD pf	3.00	21.4	—	289	15⅞	13⅞	14	— ⅛
9⅞	7⅞	Advest	.14	9.1	—	600	7⅞	7⅞	7⅞	— ⅛
62	29	AetnLife	2.20	5.2	7	10902	43⅞	42⅞	43⅞	— ⅛
13	6⅞	AfrPet	.24	3.8	—	974	6½	6⅛	6⅛	— ⅛
22½	10⅞	Ahmans	.88	8.0	4	5800	11⅛	10⅞	11	— ⅛
3⅞	1⅞	Aileen			—	105	3⅞	3⅞	3⅞	— ⅛
61	42⅞	AirProd	1.44	2.9	12	2455	49⅞	48⅞	49⅞	— ⅛
27	13½	AirFrt s	.30	2.0	20	765	15⅞	15	15½	— ⅛
24⅞	11⅞	Airgas			7	58	11⅞	11⅞	11⅞	— ⅛
32⅞	17⅞	AirJdge	2.52	16.8	—	26	15	14⅞	15	— ⅛
10⅞	7	AirPr s	.20	2.2	12	1000	9⅞	9⅞	9⅞	— ⅛
102	82	AlbP pf	11.30	10.5	—	2	107½	107½	107½	— ⅛
103½	94⅞	AlbP pl	9.44	9.2	—	2100	103⅞	103⅞	103⅞	— ⅛
9⅞	7⅞	AlbP pm	8.17	9.5	—	2100	8⅞	8⅞	8⅞	— ⅛
29	13⅞	AlbAir			—	165	7⅞	7	7	— ⅛
20⅞	8	AlbnyIn	.35	3.3	12	67	9⅞	9⅞	9⅞	— ⅛
27⅞	15⅞	AlbNy s	.20	1.1	14	116	18⅞	18⅞	18⅞	— ⅛
27⅞	15⅞	AlcOil s	.30	1.1	14	166	27⅞	26⅞	27⅞	— ⅛
37⅞	26⅞	Alcbsn s	.48	1.3	20	859	37⅞	36⅞	37⅞	— ⅛
24⅞	14⅞	AlcSta	.04	.2	17	4531	19⅞	18⅞	19⅞	— ⅛
27⅞	27⅞	AlcStd	.84	2.7	12	182	31⅞	31⅞	31⅞	— ⅛
34	14⅞	AlexAlx	1.00	3.2	16	102	31	30⅞	31	— ⅛
28⅞	20⅞	Alexdr			—	1	22⅞	22⅞	22⅞	— ⅛
77	45⅞	AllegCp	1.73	2.3	7	32	75⅞	75⅞	75⅞	— ⅛
34⅞	18⅞	AllgLud s	.88	4.4	7	200	20⅞	19⅞	20	— ⅛
42½	34	AllgPw	3.16	8.8	19	239	36⅞	36	36⅞	— ⅛
31		AllenG			—	974	6½	6⅛	6⅛	— ⅛
21⅞	11½	Allen pl	1.75	10.3	21	746	17⅞	16⅞	17⅞	— ⅛
17⅞	11⅞	AllnCp	1.76e	13.3	12	46	13⅞	13⅞	13⅞	— ⅛
17	6⅞	AllgEle n			—	87	7⅞	7⅞	7⅞	— ⅛
11⅞	8⅞	AllNEu n			—	1653	9⅞	9⅞	9⅞	— ⅛
25⅞	15⅞	AlTch n			—	9	19	19	19	— ⅛
25⅞	15⅞	Alish pf	2.97	15.6	—	149	19	18⅞	19	— ⅛
18⅞		AlldPd			—	1	13⅞	13⅞	13⅞	— ⅛
27⅞	24⅞	AldSgnl	1.80	7.1	8	1828	25⅞	24⅞	25⅞	— ⅛
10⅞	9⅞	AMIT	.750	7.5	—	16	9⅞	9⅞	9⅞	— ⅛
11⅞	9⅞	AMIT2 n	.44	7.4	—	2	9⅞	9⅞	9⅞	— ⅛
9⅞	8⅞	AMIT3 n	.44	7.4	—	187	8⅞	8⅞	8⅞	— ⅛
11⅞	9⅞	AMI0	.840	8.4	—	242	9⅞	9⅞	9⅞	— ⅛
10⅞	8⅞	AMI01	.44	7.5	—	151	8⅞	8⅞	8⅞	— ⅛
10⅞	7⅞	AMI03 n	.44	7.5	—	1	8⅞	8⅞	8⅞	— ⅛
4⅞	2⅞	AMPI n	.080	6.5	—	30	2⅞	2⅞	2⅞	— ⅛
40⅞	24⅞	ALTEL	1.40	4.7	15	395	29⅞	29⅞	29⅞	— ⅛
77⅞	51½	Alcoa	1.60	3.0	8	2605	53⅞	52⅞	53⅞	— ⅛
20⅞	12⅞	AmcoG	.80		7	1	13⅞	13⅞	13⅞	— ⅛
25⅞	17⅞	Amax	.100	4.0	37	1705	19⅞	18⅞	19	— ⅛
14⅞	9⅞	AmBas	.180		—	282	9⅞	9⅞	9⅞	— ⅛
12⅞	6⅞	Amcast	.48	6.7	—	30	7⅞	7⅞	7⅞	— ⅛
7½	3	vAmdur			—	2	3⅞	3⅞	3⅞	— ⅛
56	40⅞	Amrep	.60	1.3	13	1174	46⅞	45⅞	46⅞	— ⅛
10⅞	9⅞	AmAdl n	.92	9.3	—	132	9⅞	9⅞	9⅞	— ⅛
14⅞	12⅞	AmAir 96			—	1	12⅞	12⅞	12⅞	— ⅛
24⅞	17⅞	ABrck s	.10	.5	46	1280	19⅞	19⅞	19⅞	— ⅛
37⅞	30⅞	ABrnd s	1.54	4.7	9	849	32⅞	32⅞	32⅞	— ⅛
38⅞	28⅞	ABrd pf	2.50	9.2	—	7	27⅞	27⅞	27⅞	— ⅛
47⅞	25⅞	ABldM	.92	3.3	15	41	28⅞	28⅞	28⅞	— ⅛
23⅞	16⅞	ABusP s	.60	2.8	18	13	21⅞	21⅞	21⅞	— ⅛
13⅞	11⅞	ACasBd	1.98e	13.3	—	43	14⅞	14⅞	14⅞	— ⅛
22⅞	13⅞	ACasCv	2.44e	13.3	—	14	18⅞	18⅞	18⅞	— ⅛
6⅞	5⅞	ACoeIn	.36	16.1	—	23	5⅞	5⅞	5⅞	— ⅛
41⅞	42	ACyan	1.25	3.1	47	2705	44⅞	43⅞	44⅞	— ⅛
32⅞	26	AEPow	2.40	8.4	10	2235	28⅞	28⅞	28⅞	— ⅛
37	17½	AmExp	.60	1.6	20	11394	37⅞	36⅞	37⅞	— ⅛
21½	12⅞	AFoods	.72	3.1	11	142	15	14⅞	15	— ⅛
59⅞	23½	AGnCo	1.20	11.9	6	2367	27⅞	26⅞	27⅞	— ⅛
8⅞	6½	AmGvl	.04e	1.0	—	2	4⅞	4⅞	4⅞	— ⅛
14⅞	9⅞	AGIP	1.04e	11.9	—	6131	8⅞	8⅞	8⅞	— ⅛
10⅞	9⅞	AGTT	.90	9.8	—	941	9⅞	9⅞	9⅞	— ⅛
24⅞	19⅞	AHRPr	2.00	11.1	7	203	21⅞	21⅞	21⅞	— ⅛
24½	19⅞	AHerH s	1.02	4.1	—	9	25	25	25	— ⅛
55⅞	41	AHome s	2.15	4.4	13	6280	49⅞	48⅞	49⅞	— ⅛
48⅞	37⅞	Amrtch s	3.14	6.7	9	5149	46⅞	46⅞	46⅞	— ⅛
89½	57	AmStor	.72	1.1	11	1	61⅞	61⅞	61⅞	— ⅛
10⅞	8⅞	AOIF	.986	11.9	—	281	8⅞	8⅞	8⅞	— ⅛
31⅞	19⅞	APress	.60	2.6	—	125	19⅞	19⅞	19⅞	— ⅛
89½	57	AmStd	2.00	2.2	5	1103	90⅞	89⅞	90⅞	— ⅛
7⅞	7⅞	AmRitv	.30		—	25	7⅞	7⅞	7⅞	— ⅛
11⅞	1⅞	ASB	.30		—	161	2⅞	2⅞	2⅞	— ⅛
11⅞	1⅞	ASB pf	.911		—	1	1⅞	1⅞	1⅞	— ⅛
3⅞	1½	AShle			—	2	1⅞	1⅞	1⅞	— ⅛
71½	42⅞	AmStor	1.32	2.5	11	1965	54⅞	53⅞	54⅞	— ⅛
47	29⅞	AT&T	1.32	2.8	14	9665	47⅞	46⅞	47⅞	— ⅛
19⅞	9⅞	AWate n			—	1	9⅞	9⅞	9⅞	— ⅛
19⅞	12½	AmWtr	.80	5.9	7	207	14	13⅞	13⅞	— ⅛
6⅞	4⅞	AmNtrl			—	5	5⅞	5⅞	5⅞	— ⅛
10	4⅞	Amrace			—	60	5⅞	5⅞	5⅞	— ⅛
52½	36	Ameron	1.28	3.6	11	107	35⅞	35⅞	35⅞	— ⅛
11⅞	1⅞	vAmesB	.05e		—	1	1⅞	1⅞	1⅞	— ⅛
14½	8⅞	Ametek	.64	7.1	11	227	9⅞	9⅞	9⅞	— ⅛
11	8⅞	AmevSc	1.85	11.5	—	2	16⅞	16⅞	16⅞	— ⅛
46⅞	40⅞	AmFco	2.04	4.8	16	1923	42⅞	42⅞	42⅞	— ⅛
55⅞	27⅞	AMP	1.36	2.5	18	1923	54⅞	53⅞	54⅞	— ⅛
13⅞	5	Amsco	.30	3.3	3	33	9⅞	9⅞	9⅞	— ⅛
8⅞	3⅞	Amrc	.12	3.5	—	3	3⅞	3⅞	3⅞	— ⅛
24⅞	17⅞	Amtrp			—	1	17⅞	17⅞	17⅞	— ⅛
26⅞	17⅞	AmSth	1.40	7.7	7	19	18⅞	17⅞	18⅞	— ⅛
5⅞	3⅞	Anacomp			—	1	3⅞	3⅞	3⅞	— ⅛
30⅞	20⅞	Andrew	.20	.8	45	2037	25⅞	24⅞	25⅞	— ⅛
9⅞	5⅞	Anglos			—	1	5⅞	5⅞	5⅞	— ⅛
33⅞	26½	Angelic	.88	3.0	13	251	29⅞	29⅞	29⅞	— ⅛
35⅞	24	Anheus	1.80	2.7	23	2992	34⅞	33⅞	34⅞	— ⅛
36½	13⅞	Anthem			—	969	14⅞	13⅞	14⅞	— ⅛
17⅞	6⅞	Anthny s	.48	5.3	7	164	9⅞	8⅞	9⅞	— ⅛
43⅞	26⅞	Aon	.80	1.8	20	2100	45⅞	45⅞	45⅞	— ⅛
11⅞	10⅞	Apex	.93	8.3	3	150	11½	11½	11½	— ⅛
92½	80⅞	APwr pf	8.12	9.5	—	100	85⅞	85⅞	85⅞	— ⅛
15	8⅞	AppMed			—	165	7⅞	7	7	— ⅛
25⅞	17½	ArchD s	.10	.3	14	4482	22⅞	22⅞	22⅞	— ⅛
44½	29⅞	ArcCh	2.50	6.2	8	3	40⅞	40⅞	40⅞	— ⅛
21⅞	14⅞	ArcAtlk			—	59	5⅞	5⅞	5⅞	— ⅛
22⅞	14	ArkEx n	.10e	.7	165	8	16⅞	16⅞	16⅞	— ⅛
21⅞	18½	Arkla	1.04	5.1	7	3446	20⅞	20⅞	20⅞	— ⅛
51	39⅞	Arkla pl	3.08	7.2	—	2	42⅞	42⅞	42⅞	+1½
11⅞	4⅞	Armco	.40	6.2	—	4481	5⅞	4⅞	5⅞	— ⅛
23½	17	Armc pf	2.10	11.8	—	1	17⅞	17⅞	17⅞	— ⅛
42⅞	31⅞	Armc pl	4.50	11.4	—	200	39⅞	39⅞	39⅞	— ⅛
42½	18	ArmWl	1.16	5.5	5	1143	20⅞	19⅞	20	— ⅛
7	3⅞	ArowE			—	90	3⅞	3⅞	3⅞	— ⅛
16⅞	8⅞	ArvE pf	1.94	15.5	—	34	12⅞	12⅞	12⅞	— ⅛
14⅞	8	Arvin			—	164	6⅞	6⅞	6⅞	— ⅛
19	13⅞	Arvin	.48	4.6	14	24	10⅞	10⅞	10⅞	— ⅛
24⅞	22⅞	Asarco	1.40	6.7	5	712	21⅞	21⅞	21⅞	— ⅛
27⅞	13⅞	AsCool	.48	1.8	12	225	21⅞	21⅞	21⅞	— ⅛
46⅞	29⅞	AshOil	1.00	3.5	9	1518	28⅞	28	28⅞	— ⅛
22⅞	9⅞	AskPrc	.04e	.7	—	5	6⅞	6⅞	6⅞	— ⅛
21⅞	6⅞	Aseltny	1.80e	25.3	3	862	7⅞	7	7⅞	+ ⅛
28⅞	14⅞	AsdNG	.12	.5	48	54	23⅞	23⅞	23⅞	— ⅛
5⅞	1⅞	AsdSos	.36e	14.4	—	3	2⅞	2⅞	2⅞	— ⅛
17	9⅞	Atlas	1.00	10.4	15	47	10	9⅞	9⅞	— ⅛
32⅞	26⅞	AtlGas	1.96	6.3	13	231	31⅞	31⅞	31⅞	— ⅛
39⅞	31⅞	AtlEnrg	2.00	6.3	12	221	32⅞	31⅞	32⅞	— ⅛
142⅞	97⅞	AtlRich	3.00	3.0	12	1953	130⅞	130	130⅞	+ ⅛
17⅞	7⅞	Atlos			—	97	8⅞	8	8⅞	+ ⅛
18⅞	15⅞	ATNOS	1.16	7.8	12	4	16⅞	16½	16⅞	— ⅛
14⅞	7⅞	AutoVd			100	5	8	8	8	— ⅛
15⅞	8⅞	Avast	.40	4.3	8	672	9⅞	9⅞	9⅞	— ⅛
24⅞	8⅞	Avstr	.20	.9	7	97	11	10⅞	11	— ⅛
48⅞	44⅞	AvtDDI	.30	1.4	17	846	30⅞	30	30⅞	— ⅛
6⅞	4⅞	Avalon			—	58	4⅞	4⅞	4⅞	— ⅛
33⅞	15½	AvryD	.72	4.5	9	1507	17⅞	15⅞	17⅞	— ⅛
33⅞	21⅞	Avnet	.40	2.4	14	580	23	22⅞	23⅞	— ⅛
30⅞	22⅞	Avon	1.00	4.0	18	1446	25⅞	24⅞	24⅞	— ⅛
29⅞	22⅞	Avon pf	2.00	8.0	—	2	25⅞	25⅞	25⅞	— ⅛
11⅞	10	Aydin	1.00e	9.5	6	22	10⅞	10½	10½	— ⅛
		B								
40	30⅞	BCE n	2.52		—	481	32⅞	32⅞	32⅞	+ ⅛
19⅞	13⅞	BET	1.15e	8.1	8	5	14⅞	14⅞	14⅞	— ⅛
27⅞	19⅞	BJS Sv n			—	9	22	22⅞	22⅞	— ⅛
7⅞	3	BMC			—	24	5⅞	5⅞	5⅞	— ⅛
35⅞	25⅞	BP Pru	3.57e	11.5	10	200	31⅞	30⅞	31⅞	— ⅛
29⅞	23⅞	BRE	2.40	10.5	6	200	23⅞	23⅞	23⅞	— ⅛
24⅞	17⅞	BRY	1.40	4.8	13	122	29⅞	29	29⅞	+ ⅛
7⅞	3⅞	Balance	.20	4.1	—	427	4⅞	4⅞	4⅞	— ⅛
24½	15	BakrF s	3.44e	20.9	—	34	16⅞	16	16⅞	+ ⅛
34⅞	28	BakHu	.40	1.2	27	2131	32⅞	32⅞	32⅞	+ ⅛
21⅞	16⅞	Baldor	.48	2.8	12	87	17⅞	17	17⅞	+ ⅛
14½	9⅞	Ball	1.16	4.4	14	89	26⅞	26⅞	26⅞	— ⅛
18⅞	7⅞	BallyMf	.04		—	2563	3⅞	3⅞	3⅞	— ⅛
15⅞	4⅞	BallBcp	.40	11.7	4	847	5⅞	5⅞	5⅞	— ⅛
34⅞	24⅞	BallGE	2.10	7.6	12	489	27⅞	27⅞	27⅞	— ⅛
5⅞	1	Ball pfB	1.00	20.4	—	1108	4⅞	4⅞	4⅞	— ⅛
33⅞	19	BncOne	1.04b	5.0	8	3951	21⅞	20	20⅞	+ ⅛
16⅞	3⅞	BncFlo			—	3	3⅞	3⅞	3⅞	— ⅛
22⅞	18½	BncCrl	1.65e	4.6	13	7	23⅞	23⅞	23⅞	+ ⅛
58	34	BnSant	1.96e	4.1	10	19	47⅞	47½	47½	— ⅛
		BanTex			—	88	9⅞	½	½	— ⅛
91	64	Bandag	1.00	1.3	14	80	74½	74	74	— ⅛
21⅞	6⅞	BkBost	.40	6.3	—	4910	6⅞	6	6⅞	— ⅛
34⅞	27⅞	BkB pfA	3.46e	15.6	—	7	22⅞	22⅞	22⅞	— ⅛
34⅞	27⅞	BkB pfB	3.46e	15.6	—	32	22	22	22	— ⅛
42½	31½	BkB pfC	4.50e	11.3	—	11150	38	38	38	— ⅛
18⅞	1	BkNE			—	3679	1⅞	1⅞	1⅞	+ ⅛
44⅞	13⅞	BkNY	2.12	14.4	3	1888	14	14	14	— ⅛
34½	25⅞	BNY pdA	1.50e	6.2	—	16	24⅞	24⅞	24⅞	+ ⅛
23½	17⅞	BnkAm	1.08	5.2	4	4899	19⅞	18⅞	19⅞	+ ⅛
37	30⅞	Bka pf	3.20e	10.5	—	111	31	30⅞	31	— ⅛
45½	36	BkTrst	3.00	10.5	—	19	37	37	37	— ⅛
48⅞	28½	BankTr	2.23	7.3	4	1037	31	30⅞	31	— ⅛
14⅞	6⅞	BnkAr n			—	5	7⅞	7⅞	7⅞	+ ⅛
17⅞	4⅞	Banner s			—	246	5⅞	5⅞	5⅞	— ⅛
30⅞	20⅞	Barchy s	.96i	3.8	13	67	25⅞	25⅞	25⅞	+ ⅛
25⅞	21	BarB pr	2.75	12.1	—	198	21⅞	21⅞	21⅞	— ⅛
32⅞	18⅞	BarB pl	2.50	12.1	—	2	21⅞	21⅞	21⅞	— ⅛
25⅞	21	BarB pfC	.46e	2.3	—	62	21⅞	21½	21⅞	— ⅛
22½	12⅞	Bard	.44	3.1	18	646	14⅞	14⅞	14⅞	— ⅛
34⅞	20⅞	BarrGe	.48	1.4	20	879	34⅞	33⅞	34⅞	— ⅛
37⅞	14½	Barnett	1.32	9.0	6	7620	14⅞	14⅞	14⅞	+ ⅛
6⅞	3⅞	Barod wt			—	270	3⅞	3⅞	3⅞	— ⅛
21⅞	14⅞	Basis	2.18e	11.1	7	2	19⅞	19⅞	19⅞	— ⅛
1⅞	1⅞	BatlMt	.10	1.5	20	2727	7	6⅞	6⅞	— ⅛
73	52⅞	Bausch	1.32	2.2	14	592	61	59⅞	60⅞	+ ⅛
27½	20⅞	Baxter	.44	1.6	—	4673	25⅞	25⅞	25⅞	— ⅛
37⅞	15⅞	Bayb pfA	3.44e	9.2	—	7	37⅞	37⅞	37⅞	— ⅛
81⅞	62⅞	Bay pfB	3.50	4.4	—	130	75⅞	74⅞	75⅞	— ⅛
3⅞	⅛	vBayFin			—	93	⅛	⅛	⅛	— ⅛
27⅞	18	BeaCo	1.28	4.6	11	93	19⅞	19⅞	19⅞	— ⅛
14⅞	7⅞	BeaSt	.56	4.3	9	1545	8⅞	8⅞	8⅞	— ⅛
19⅞	13⅞	Beatrc	.36e	1.9	—	3	19	19	19	— ⅛
12⅞	6⅞	BeaHm		7.2e	10.9	4	8⅞	7⅞	8⅞	— ⅛
18⅞	11⅞	Beckm	.28e	2.1	11	198	13⅞	13⅞	13⅞	— ⅛
14⅞	9⅞	BeckC	1.08	3.5	12	122	31⅞	30⅞	31⅞	— ⅛
34⅞	21⅞	BeldnH	.44	2.9	9	1	22	22	22	— ⅛
37⅞	17⅞	BellAtl s	2.36	4.5	18	10999	52⅞	52⅞	52⅞	— ⅛
18⅞	12⅞	BellSou	1.80	3.2	15	1122	57⅞	56⅞	57⅞	— ⅛
59⅞	49	BellSt	2.68	5.0	15	7626	53⅞	52⅞	53⅞	— ⅛
27⅞	17⅞	BelcH	.72	3.3	7	3	22⅞	22⅞	22⅞	— ⅛
37½	25	BenCo	2.40	4.4	7	327	37⅞	36⅞	37⅞	+ ⅛
27	20⅞	Benef pl	4.30	10.5	—	7	40½d	40	40⅞	— ⅛
27	20⅞	Benef pl	2.50	10.5	—	2200	24⅞	24⅞	24⅞	+ ⅛
3⅞	⅛	Beatrs			—	121	⅛	⅛	⅛	— ⅛
18⅞	11½	Beneton	.97e	6.5	—	20	15⅞	15⅞	15⅞	+ ⅛
805	715	BerkHa			—	2400	5700	5600	5600	
22⅞	13	BerlIn n	.50	3.4	27	7	15	14⅞	14⅞	— ⅛
12⅞	4⅞	BestBy			—	7	7	7	7	— ⅛
21⅞	16⅞	BethSt	.40	3.5	7	1907	11⅞	11⅞	11⅞	— ⅛
25	21	BthSt pl	5.00	12.6	—	100	37⅞d	37⅞	37⅞	— ⅛
25⅞	19⅞	BthS pfB	2.50	12.6	—	200	20⅞	20	20⅞	— ⅛
7⅞	3⅞	Beverly			—	3146	7⅞	6⅞	6⅞	— ⅛
22⅞	10⅞	Bech	.16e	.9	84	8	18⅞d	18⅞	18⅞	— ⅛
21⅞	16⅞	BirSh	.20	4.4	16	202	11	10⅞	11	— ⅛
21⅞	8⅞	BlackD	.80	3.8	8	112	21⅞	21⅞	21⅞	— ⅛
29⅞	25⅞	BlkHCp	1.44	4.3	10	117	25⅞	25⅞	25⅞	— ⅛
18⅞	9⅞	BlkAdv n	.40	10.1	—	111	9⅞	9⅞	9⅞	— ⅛
11⅞	7⅞	BlkBst	.72	10.1	—	1	7⅞	7⅞	7⅞	— ⅛
9⅞	7	BlkSTr	.55	9.7	—	1988	7⅞	7⅞	7⅞	— ⅛
26	19

KLM Profit Plunges by 69%

Reuters

AMSTERDAM — KLM Royal Dutch Airlines on Thursday reported a 69 percent slide in second-quarter profit to 50.8 million guilders ($29.7 million) from 162.3 million guilders in the period last year.

The results, which came on essentially flat revenue of 1.8 billion guilders, failed to meet analysts' expectations for a profit of 40 million to 47 million guilders, and the company repeated its month-old forecast of a considerable loss in the year ending next March 31. KLM made a 340 million guilder profit in the last financial year.

KLM shares fell 1 guilder in Amsterdam Thursday to close at a new 1990 low of 19.10.

The figures released Thursday excluded a gain of 41.1 million guilders on the sale of a Boeing 747-200 and an extraordinary debit of 16.4 million guilders.

Traffic in the second quarter increased by 8 percent, compared with a year earlier, but KLM said the weakness of the dollar, the yen and the pound against the guilder had a negative effect on earnings of about nine percent.

Higher fuel, insurance and maintenance charges hit operating profit, the report said, while finance charges doubled to 61 million guilders because of higher interest rates and new financing facilities of more than 1 billion guilders.

The airline has a 10.7 billion guilder program to buy new aircraft over the next five years.

"The traffic figures were very good, but margin pressure is very strong," said Quirijn Mulder, an airline analyst at the brokerage HPD Securities.

He noted that KLM did well from freight revenue, even though freight margins are even tighter than passenger margins.

But there was no change in expectations that the dividend, 1.80 guilders last year, would be skipped.

"I'm sure they will pass the dividend for the year," Mr. Mulder said. "They cannot permit a dividend in circumstances like these."

The problems that are squeezing profits at KLM are endemic to the airline industry, which has been hit all at once by rising fuel and interest costs and the lower dollar.

The last factor is especially troublesome to an airline like KLM that has no domestic market to speak of.

Last month KLM announced plans to slash costs by at least 400 million guilders over three years by cutting about 500 jobs, eliminating unprofitable routes and reviewing its minority shareholdings in other carriers.

Associated carriers lost 20.7 million guilders in the period after earning 10.4 million a year ago.

KLM has 20 percent stakes in the Belgian carrier Sabena World Airways and NWA Inc., the American parent of Northwest Airlines, 40 percent of Transavia and 30 percent of Martinair, both charter airlines.

Swedish Rates Cut as Money Influx Widens

Reuters

STOCKHOLM — Swedish interest rates tumbled Thursday as the central bank moved to cut rates about one percentage point, the second such cut this week.

The bank, which had ratcheted rates past 17 percent last month in an effort to stem an outflow of foreign currency, effected the rate cut by offering to buy back government paper at about 15 percent.

Yields on short-term instruments on the Swedish credit market responded in early trading Thursday by falling as much as 10 basis points.

The central bank reported a net foreign currency inflow of 16.2 billion kronor ($2.87 billion) for the week ended Wednesday, compared with a 10.9 billion kronor inflow the week before.

Akzo's Profit Tumbles, Forecast for Half Is Cut

Reuters

AMSTERDAM — The Dutch chemical concern Akzo NV on Thursday reported a 26 percent fall in third-quarter profit, to 166 million guilders ($97 million), from 224 million a year ago.

The poor showing led Akzo to abandon the forecast it made in August that second-half profit would fall less than the 18 percent it fell in the first half.

The adverse influences of the Gulf crisis "and the further slide of the dollar and other currencies have thwarted our expectations," Syb Bergsma, Akzo's finance director, said in a statement.

Akzo lowered its expectations, made on Aug. 2, the day Iraq invaded Kuwait, despite the fact that the third-quarter results were beyond analysts' forecasts, which called for net income between 154 and 160 million guilders.

At midsession in Amsterdam stock trading, Akzo's shares were down a hefty 3.10 guilders at 70.30.

"Akzo is not explicit on its prospects," said Roel Gooskens, an analyst at Van Meer James Capel. Restructuring costs the company expects to take in the fourth quarter "also raise concern. This will not end well." Mr. Gooskens predicted that the share price could fall further.

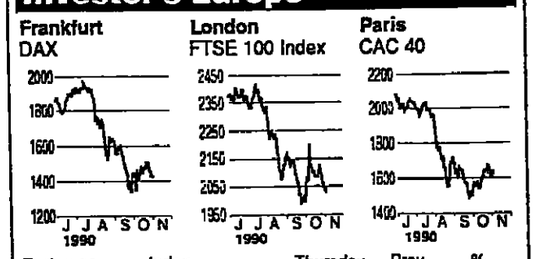
Akzo said sales in the third quarter fell slightly, to 13.04 billion guilders, from 13.87 billion.

The interim dividend was held at 1.50 guilders.

No extraordinary items were taken in the third quarter, because 100 million guilders of book profits on the sale of assets will be set against the coming restructuring costs, the company said.

The restructuring will include merging two North American chemical research centers. Textile fiber operations in Spain and steel cord in Germany will also be overhauled.

Investor's Europe



Exchange	Index	Thursday Close	Prev. Close	% Change
Amsterdam	CBS Trend	94.70	96.90	-2.27
Brussels	Stock Index	Closed	5205.78	-
Frankfurt	DAX	1417.26	1433.82	-1.15
Frankfurt	FAZ	617.05	622.09	-0.81
Helsinki	UNITAS	409.50	413.20	-0.90
London	Financial Times 30	1572.10	1592.90	-1.31
London	FTSE 100	2028.00	2050.70	-1.11
Madrid	General Index	Closed	232 12	-
Milan	MIB	Closed	815.10	-
Paris	CAC 40	Closed	1645.57	-
Stockholm	Affarsvarlden	864.24	871.32	-0.81
Vienna	Stock Index	Closed	511.08	-
Zurich	SBS	524.70	531.90	-1.35

Sources: Reuters, AFP

International Herald Tribune

Judges Grant Court Review To Polly Peck

Compiled by Our Staff From Dispatches

LONDON — Solicitors for Asil Nadir, chairman of Polly Peck International PLC, won leave Thursday for a judicial review relating to a fraud inquiry into his affairs.

Meanwhile, court-appointed administrators said they were laying off half of the company's headquarters staff of 140 to cut costs while they sort out the company's debt.

Mr. Nadir had been seeking details of the nature of the investigations so he could rebut them, and a judicial review was vital.

"We got what we wanted," said Martin Lewis, a solicitor acting for Mr. Nadir.

Last week Polly Peck was taken over by court-appointed administrators. One of the administrators is in Ankara to make enquiries that will include Mr. Nadir's private interests. *(Reuters, AFP)*

MARK: *Dollar Falls After German Key Rate Changed*

(Continued from first finance page)

get that Chancellor Kohl has overridden its objections both to early monetary union with East Germany and last weekend's stepped-up schedule to launch a European central bank, may have wanted to remind Bonn that it still has cards to play.

"The Bundesbank has been embarrassed too much this year by the Bonn government," said Dieter Wermuth, economist with Manufacturers Hanover in Frankfurt. "Nobody should count Frankfurt out."

In addition, the Bundesbank is warily surveying the inflation front, where the rate has risen over 3 percent, high by German standards, and looks set to climb further even without any oil shocks.

Although it has become difficult to track German inflation due to fuzzy records inherited from East Germany, economists have become particularly worried about sharp jumps in recent retail sales figures, which are often a disturbing signal of an overheating economy.

West Berlin reported Thursday that inflation had risen in October at an annual rate of 3.5 percent, the highest in five years.

In spite of such fundamental concerns, analysts accepted that the action on the Lombard rate could at face value be considered only a technical move.

The Bundesbank has become frustrated because in recent months most regular money market rates, boosted by the heavy borrowing tied to German reunification, have sailed over the Lombard rate.

This skews the rate structure because the Lombard facility, normally a credit source of last resort with a rate high enough to set a ceiling for the rest of the market, was being used by commercial banks as a cheaper alternative to the regular markets.

Ultimately this distorted the market and prevented the Bundesbank from using its normal tools to steer the market in normal ways.

"The Bundesbank wanted to gain full control of its own house and this move gives it the room for maneuver to do what it wants to do," Mr. Brett said.

The Bundesbank reinforced its claim that it did not want to spur broader interest rate raises by also announcing on Thursday that it will fix the interest rate at next week's auction of securities repurchase agreements, one of the central bank's major sources of liquidity for commercial banks.

So far this year such auctions have had variable rates, allowing and requiring banks to bid rate levels higher to cover their funding needs.

Japanese Delivery Firm To Buy a Berlin Hotel

Agence France-Presse

TOKYO — Footwork International, a Japanese parcel delivery company, said Thursday that it was buying a majority stake in the Steigenberger luxury hotel in Berlin for about 10 billion yen ($77 million).

The Osaka-based company plans to purchase the remainder of the hotel's equity over the next two or three years to secure a foothold in the European market, Footwork officials said. The 400-room hotel is currently owned by some 400 investors, they said. The officials projected the hotel's revenue in 1991 at $35 million.

TELERATE: *Once a Star, the Firm Is Now a Problem for Dow Jones*

(Continued from first finance page)

firms that act as primary dealers in U.S. government bonds are paying and receiving for the securities.

Its overseas operations are growing at a healthy clip, and its new foreign exchange trading system provides the fastest quotes available in a market where seconds can be worth a fortune.

But analysts worry about the 8 percent drop in the number of Telerate terminals in the United States and about whether the advantage of its Cantor Fitzgerald link may all but disappear if prices from other dealers are made public. Such a move is seen as inevitable, given government pressure to make prices more accessible, as they are in the stock market.

In addition, Telerate has been slow to develop analytic programs that make its data more useful by allowing users to massage them into charts, trend lines or other formats. Such programs quickly highlight important developments or gaps between prices that can be turned into dealing opportunities.

Reuters Holdings PLC, the only market data supplier larger than Telerate, was also slow to recognize the market for analytics, but the British concern has annually spent up to 10 times more than Telerate on research and development. Not surprisingly, analysts figure that Reuters is more likely than Telerate to make up for lost time quickly.

Telerate's biggest new-product gamble is its foreign exchange trading system, which allows dealers in the $700 billion-a-day currency markets not only to see prices but actually to execute trades on their screens instead of using telex.

The company is locked in a draining three-way battle with Reuters and Quotron, the Citicorp subsidiary, for acceptance in the big bank trading rooms that dominate the market.

Everyone, including Telerate, concedes that there is probably room for just two foreign exchange trading systems. Reuters, the world leader in foreign exchange, is certain to be one of the survivors. Telerate claims that its system, which reached trading rooms before Quotron's, provides quotes faster and executes trades more accurately.

Quotron claims its system is easier to use and allows traders to carry on more conversations simultaneously, an advantage when banks must buy or sell huge sums rapidly. Because Quotron has taken a pounding in its core market for stock price quotations, the company is under heavy pressure from Citicorp to score a success in the foreign exchange market.

Dow Jones executives play down fears about Telerate's prospects. But several current and former Telerate executives, most of whom insisted on anonymity, said that Carl M. Valenti, the 52-year-old Dow Jones senior vice president who heads the company's information services group and, since May, has doubled as president of Telerate, faces a huge challenge.

"Telerate needed a lot of fixing," said John Jessop, a longtime Telerate executive. He quit as chief operating officer in May after deciding that too much of the post involved responding to suggestions, many of which he felt were irrelevant, coming thick and fast from Mr. Valenti. "No one disagreed that it needed a lot of what Dow Jones had to offer," he added.

Product development was disorganized and in some cases underfinanced, leaving openings that were pounced on by competitors.

Telerate had continued to expand rapidly after Dow Jones's initial investment. But neither Neil A. Hirsch, the college dropout who founded Telerate in 1969 at age 21, nor most of the executives he recruited fully grasped the seriousness of the cracks that were developing along with the growth, several former Telerate executives said.

Important pieces of Telerate's organization, like its billing system, were neglected, leading to disputes with customers over billing discrepancies.

The reliance on informal communications that served the company well in its early days produced incomplete records, information gaps and distrust as it grew. Product development was disorganized and in some cases underfinanced, leaving openings that were pounced on by competitors like Reuters, Knight-Ridder Inc. and Bloomberg Financial Markets.

Mr. Hirsch and Mr. Phillips describe Telerate's management and strategic missteps — similar to those of many rapidly expanding entrepreneurial companies — as the price for its startling prosperity. They note that the flaws were largely hidden until consumers of financial data began to rein in their spending after the stock market collapse of 1987.

Since then, thousands of customers have turned to the less expensive Knight-Ridder Money-Center system, which uses any personal computer compatible with those of International Business Machines Corp.

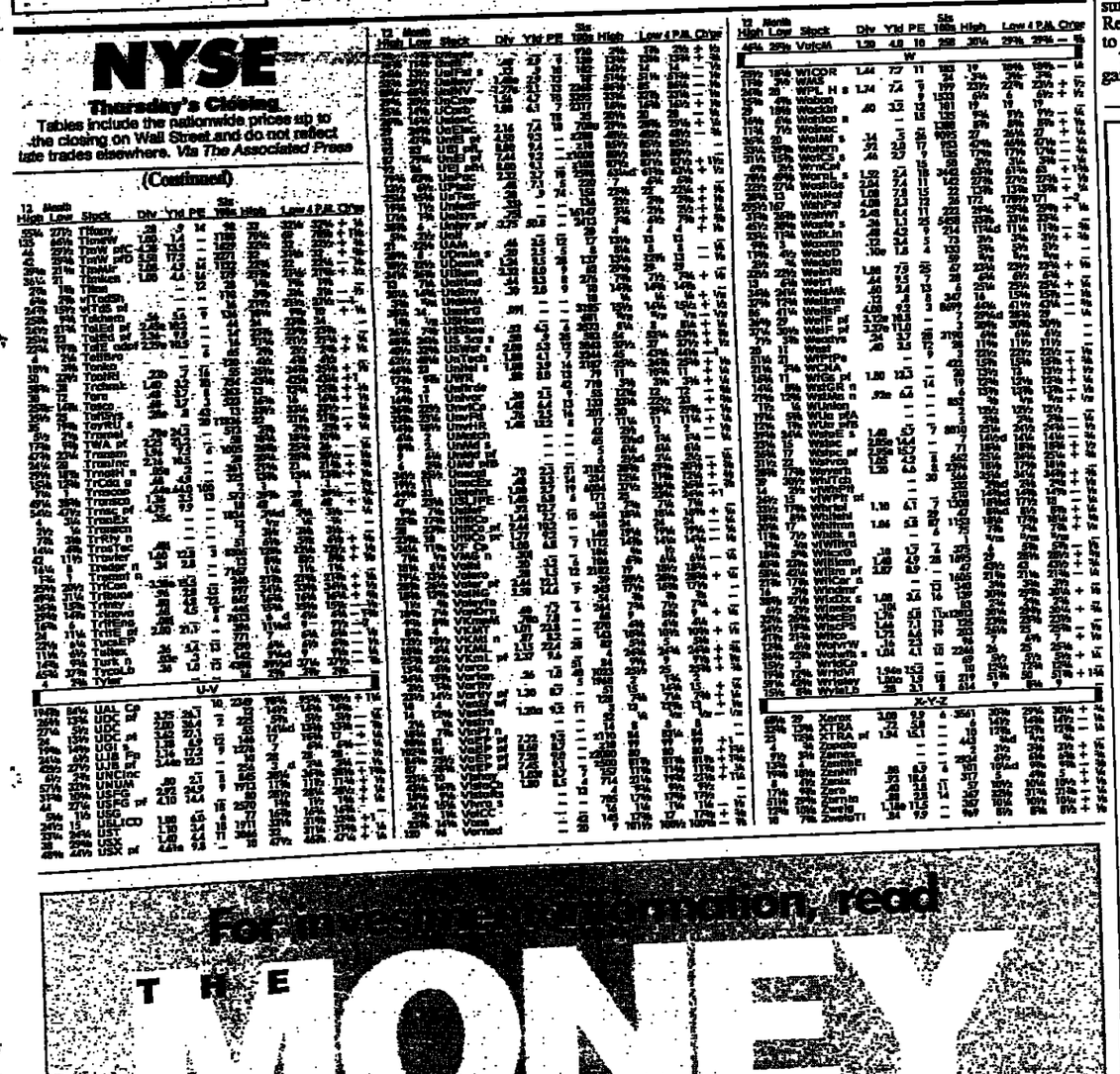
Others, who wanted sophisticated programs that analyzed bond data in addition to delivering it, turned to Bloomberg. Telerate also lost thousands of accounts in the troubled savings and loan industry, which at one time accounted for more than 25 percent of its customer base.

NYSE

Thursday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)



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THE MONEY REPORT

every Saturday in the IHT.

MONEY

HACHETTE

The Board of Directors of Hachette S.A. met on October 25, 1990, with Jean-Luc Lagardère in the chair, to approve half-yearly results to June 30, 1990 and review Group consolidated performance. Key figures are as follows:

Francs million	June 30, 1990	1989
Sales	14,219	14,198
Current income (before tax and extraordinary items)	201	291
Consolidated net income	346	324
Attributable net income	261	246

Attributable net income (Group share in consolidated net income), excluding net capital gains and non-recurrent provisions, was 11.6 million francs. This compares with 133.8 million francs for the same period in 1989. The forecast full-year figure is approximately 230 million francs, against 330 million last year.

The Board was informed that the Conseil Supérieur de l'Audiovisuel (French broadcasting regulatory authority) has awarded Hachette the operating role at French TV Channel La Cinq. The decision will raise Hachette's stake in La Cinq from 22 to 25%.

After net capital gains, consolidated income is expected to total approximately 560 million francs. This figure includes a capital gain of 2 billion francs from disposal of the NMPP building in Paris. 1.75 billion francs of this gain was posted to a reserve to help fund development of Group film and broadcasting operations.

The Board noted the following in particular:

- US print media operations were affected by the weak American economy in the first-half, and by falling advertising revenues in particular. The Group has reacted energetically:
- US Print Media Division management has been revamped and strengthened and will report directly to Daniel Filipacchi, vice-chairman of Hachette Group.
- costs are to be cut and editorial focus sharpened, etc.
- Hachette has invested heavily in the last two years and in 1990, chiefly in the United States, but also in Europe, South America and Asia. This expansion has squeezed 1990 income and will do so in 1991 as well.

First-half investment spending of 1 billion francs mainly concerned acquisitions of La Cinq, Diez Minutos, Billboard, Naville and Imperial News, and capital increases at R.C.S. and Salvat.

1990 Group Investment plans total 2,918 million francs. Editorial investments of 216 millions francs by the parent company will be expensed in the year.

- The Group ended 1989 with net consolidated debt of 8.2 billion francs. By June 30, 1990 this figure had been cut to 6.9 billion francs. Debt will rise again to last year's figure by end 1990 as a result of the Group's investments this year.

These debt levels are absolutely within the Group's servicing capabilities. Approximately 6.7 billion francs will be repaid over 10 years. The Group also has access to 1.7 billion francs in unused confirmed credit lines. Some non-strategic assets could be sold off to help reduce debt. There will be no liquidity problems in 1990 and 1991.

- Parent company Hachette S.A.'s current income, before net capital gains and extraordinary items, was 30.4 million francs, against 99.7 million francs for the same period last year. First-half results are generally unrepresentative of full-year figures, due to the seasonal nature of some businesses.

Net income, after net capital gains, was 1,245 million francs, against 114 million francs in 1989.

- Jacques Lehn was appointed Group Chief Executive Officer to replace Yves Sabouret, named Chairman of La Cinq.
- Hachette Chairman Jean-Luc Lagardère will comment on the Group's situation and outlook at a press briefing on November 12, 1990.

MARKET DIARY

Slowing Economy Pushes Dow Higher

United Press International

NEW YORK — Stocks gained in moderate trading Thursday on the New York Stock Exchange as investors focused on an improved outlook for U.S. interest rates after some weak economic reports.

The Dow Jones industrial average, which lost 5.69 points on Wednesday, rose 12.62 to close at 2,454.95.

Among broader market gauges, the New York Stock Exchange composite index rose 1.42 to 167.59. Standard & Poor's 500-stock index was up 3.02, at 307.02. The price of an average share rose 25 cents.

Advances led declines by a margin of nearly 3 to 2 on the Big Board, where volume totaled 159.3 million shares, up from 156.1 million on Wednesday.

Analysts said stocks gained on hopes that the Federal Reserve Board would lower interest rates further after a weak purchasing managers' report Thursday and expected weakness in the employment data for October due out Friday. The Fed dropped short-term rates a quarter point a few days ago after the budget accord was reached.

On the trading floor, Federal National Mortgage was the most active issue, up ¼ to 28⅜.

Ford Motor followed, off ⅜ to 27⅞ in dividend-related trading. Philip Morris was third, up ⅞ to 48.

Schering-Plough was also active, down ¾ to 43. It was said to be under pressure, partly from a recent campaign by a lawyers' group against the asthma drug Theophylline.

Among other blue chips, AT&T rose ¾ to 34¾, IBM rallied 1⅞ to 107¼, Merck gained ⅝ to 77½ and General Electric rose ⅜ to 52⅝.

Prices gained in moderate trading on the American Stock Exchange.

The National Association of Securities Dealers composite index gained 0.77 to 330.61.

N.Y. Stocks

German Rate Increase Sends Dollar Lower

Reuters

NEW YORK — The dollar closed mostly lower in U.S. trading on Thursday, hurt by the Bundesbank's interest rate boost by more weak U.S. economic data.

"The dollar had a tough little day," said Jack Griffin, a dealer for Banque Indosuez in New York.

Foreign Exchange

The U.S. unit gained slightly against the yen, as the Japanese currency was sold off in cross-trading against the Deutsche mark, but was generally weaker elsewhere.

The dollar closed at 1.5046 DM, down from 1.5181 on Wednesday, and at 130.55 yen, up from 130.14. The British pound edged up to $1.9445 from $1.9435.

The U.S. unit also closed at 1.2735 Swiss francs, down from 1.2855, and at 5.0445 French francs, down from 5.0840.

The dollar rose in Asian and European trading, boosted by a technical rebound and worries over bellicose rhetoric in the Middle East conflict.

But shortly before the opening of New York trading, the Bundesbank announced it was raising its Lombard rate to 8.5 percent from 8.0 percent. The dollar reacted immediately by falling sharply against the mark

The Bundesbank said it lifted the rate to bring it into line with other money-market rates, but economists said the move could lead to a general rise in German interest rates.

Dealers said the move intensified the bearish picture for the dollar and said the currency could soon breakthrough the 1.50 DM level.

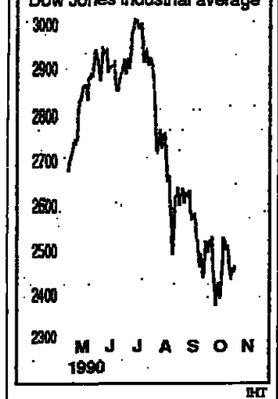
"Expectations of a further hike in German interest rates should result in dollar selling for marks," said Makoto Aratake, assistant manager at Bank of Tokyo in London.

The dollar closed in London at 1.5075 DM, down from Wednesday's close of 1.5167 DM.

Via Associated Press Nov. 1

The Dow

Daily closings of the Dow Jones industrial average



IHT

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
FordM	24101	27⅞	27⅛	27⅞	— ⅜
PhilMr	23296	48	46⅝	47⅝	+ ⅜
FedNM	22517	28¼	27¾	28¼	+ ⅛
Chase	21270	16⅝	9⅞	10	
SchrPl s	20197	43¼	42¼	43	— ⅜
Citicorp	18532	11⅞	11⅛	11⅞	+ ⅜
Human	17097	41	38	40½	—1¼
BrMySq	16289	59⅛	57¾	59¼	+ ⅛
Unisys	14147	2⅛	2⅛	2½	+ ⅛
GenEl	14997	52⅝	51⅝	52⅛	+ ⅛
GnMotr	13065	37⅞	36⅞	36⅞	+ ⅛
Morgan	13121	38¼	36¼	38	+1⅛
IBM	12339	107⅛	104⅞	107¼	+1¾
WisEn	12013	30¼	29⅞	30¼	+ ⅛
AmExp	11964	19⅛	18⅛	18⅝	— ⅛

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
SFT 3?3pw	5986	6⅛	5¼	5⅞	+ ½
CentAir	4725	3⅛	2⅞	3⅛	— ⅛
AmDhl	4572	11¼	11⅛	11⅛	+ ⅛
SFT 3?2pw	4330	4⅝	4¼	4¾	+ ½
SNk 93wt	4214	17⅞	17⅝	17⅞	+ ⅜
Dk Nk wt	3885	18⅛	18⅛	18½	+1⅛
PW Nk pwt	2811	9½	9⅛	9¼	+ ⅛
EchoBy	2724	11⅛	11¼	11¼	+ ⅛
EtzNk wt	2695	9⅛	9⅛	9¼	+ ½
A-dipr	2613	39	38½	38½	—1½
ENSCO	2582	2⅝	2⅝	2⅝	— ⅛
BAT In	2085	16¼	10⅞	10⅞	
FruitL	1927	6⅝	6⅝	6⅝	+ ⅛
Elkin	1476	17⅛	16⅛	17	— ⅛
Summa	1472	2⅝	2	2⅝	+ ⅛

NYSE Diary

	Close	Prev.
Advanced	894	753
Declined	618	758
Unchanged	488	455
Total Issues	2000	1966
New Highs	9	9
New Lows	129	132

Amex Diary

	Close	Prev.
Advanced	258	242
Declined	230	272
Unchanged	244	231
Total Issues	732	745
New Highs		1
New Lows	55	47

NASDAQ Diary

	Close	Prev.
Advanced	852	881
Declined	957	980
Unchanged	2,413	2,442
Total Issues	4,222	4,223

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	2441.83	2473.02	2415.59	2454.95	+ 12.62
Trans	823.23	835.43	813.24	831.92	+ 9.42
Util	213.47	214.05	211.83	215.61	+ 2.33
Comp	862.82	874.17	853.76	869.35	+ 6.82

Standard & Poor's Indexes

	High	Low	Close	Ch'ge
Industrials	360.15	353.54	359.80	+2.96
Transp.	211.88	207.61	211.61	+2.87
Utilities	142.87	141.01	142.87	+1.86
Finance	19.43	18.81	19.40	+0.41
SP 500	307.27	301.61	307.02	+3.02
SP 100	293.15	287.24	292.76	+2.93

NYSE Indexes

	High	Low	Close	Ch'ge
Composite	167.97	165.48	167.59	+ 1.42
Industrials	207.24	205.02	207.24	+ 1.49
Transp.	128.82	127.17	128.82	+ 1.57
Utilities	89.85	89.09	89.85	+0.97
Finance	105.22	103.59	105.22	+ 1.49

NASDAQ Indexes

	Close	Ch'ge	Week Ago	Month Ago
Composite	330.60	+0.76	339.74	349.99
Industrials	352.88	+0.25	363.45	372.15
Finance	326.44	+1.36	333.56	346.80
Insurance	385.29	+2.75	392.49	410.57
Utilities	449.83	+2.26	463.73	484.34
Banks	236.25	—1.47	243.88	253.30
Transp.	381.32	+3.20	386.57	393.05

AMEX Stock Index

High	Low	Close	Ch'ge
289.08	287.66	288.90	+1.11

Dow Jones Bond Averages

	Close	Ch'ge
20 Bonds	88.94	—0.01
10 Utilities	90.91	+0.10
10 Industrials	86.78	—0.11

Market Sales

NYSE 4 p.m. volume	159,270,000
NYSE prev. cons. close	191,313,860
Amex 4 p.m. volume	10,718,000
Amex prev. cons. close	8,960,880
NASDAQ 4 p.m. volume	187,954,660
NASDAQ prev. 4 p.m. volume	118,751,400
NYSE volume up	99,975,690
NYSE volume down	44,224,320
Amex volume up	6,275,310
Amex volume down	3,179,540
NASDAQ volume up	45,787,294
NASDAQ volume down	32,488,728

N.Y.S.E. Odd-Lot Trading

	Buy	Sales	*Sh'rt
Oct. 31	354,986	472,409	15,406
Oct. 30	413,247	414,538	28,542
Oct. 29	324,541	318,455	35,370
Oct. 26	304,875	428,459	18,034
Oct. 25	314,694	402,982	20,187

*Included in the sales figures

S&P 100 Index Options

Nov. 1

Strike Price	Nov	Calls-Last Dec	Jan	Feb	Nov	Puts-Last Dec	Jan	Feb
265	—	—	35⅞	—	1⅛	4½	—	—
270	29⅞	25	29⅝	—	1⅞	5½	8	10
275	19	22½	25½	—	2⅞	8⅝	11¼	—
280	15	19⅛	—	—	3⅝	12	11	—
285	11¼	17	19½	—	4⅞	14	13	—
290	7⅞	14	17⅝	—	5⅞	16⅝	14	17¼
295	4⅞	11¼	14⅝	—	7⅞	19	—	—
300	2⅝	8¼	11¼	—	11	15⅝	19	20½
305	1⅛	5⅞	9	—	15	18⅝	21½	—
310	⅝	4⅛	7⅛	8¼	19	22	—	—
315	½	2⅝	5¼	—	23⅝	25	—	—
320	⅛	1⅝	3⅝	—	29⅝	28⅝	30⅝	—
325	⅛	1⅛	—	—	—	—	—	—
330	⅛	½	—	—	39	41½	—	—
335	⅛	—	—	—	—	—	—	—
340	—	⅛	—	—	—	—	—	—
345	—	⅛	—	—	—	—	—	—
350	—	⅛	—	—	—	—	—	—

Calls: total vol. 110,884; total open int. 422,166
Puts: total vol. 83,884; total open int. 396,595
Source: CBOE.

Currency Options

Nov. 1

PHILADELPHIA EXCHANGE

Option & Underlying	Strike Price	Calls—Last Nov	Dec	Mar	Puts—Last Nov	Dec	Mar
50,000 Australian Dollars-cents per unit.							
Dollr	75	r	r	r	r	0.37	r
78.47	77	1.68	r	r	0.37	r	r
78.47	79	0.47	r	r	r	r	r
78.47	80	0.25	r	r	r	2.66	r
78.47	81	r	r	r	2.89	r	
31,250 British Pounds-cents per unit.							
Pound	185	r	r	r	r	0.72	r
194.78	187½	r	r	r	0.40	1.15	4.05
194.78	190	r	4.40	r	0.55	r	r
194.78	192½	1.85	r	r	1.70	r	r
194.78	195	1.84	2.80	r	2.34	4.00	r
194.78	197½	r	1.28	r	4.00	r	r
194.78	200	r	r	2.66	6.00	r	r
50,000 Canadian Dollars-cents per unit.							
Dollr	81	r	r	r	r	r	0.25
85.87	85	r	r	r	r	0.57	1.47
85.87	86	r	r	r	0.68	1.15	2.17
85.87	87½	r	0.08	r	r	r	r
62,500 German Marks-cents per unit.							
Mark	61	r	r	r	r	r	0.35
66.52	62	r	r	r	r	0.14	r
66.52	63	r	r	r	r	0.27	r
66.52	63½	r	r	r	s	r	0.50
66.52	64	r	r	r	0.33	0.34	r
66.52	64½	1.95	r	s	0.18	0.42	r
66.52	65	1.54	r	r	0.28	0.60	r
66.52	65½	r	r	s	0.26	r	r
66.52	66	0.90	1.37	2.13	0.51	0.99	r
66.52	66½	0.71	1.13	s	0.81	1.35	
66.52	67	0.50	0.92	1.50	1.04	r	r
66.52	67½	r	0.42	s	r	r	r
66.52	68	0.18	0.49	r	r	r	r
62,500 German Marks-European Style.							
66.52	62	r	r	r	r	r	0.55
66.52	64½	r	r	s	0.19	r	r
66.52	65	r	r	2.40	r	r	r
66.52	69	r	r	0.83	r	r	
6.25 mil Yen-100ths of a cent per unit.							
Yen	66	s	s	s	r	r	0.07
76.66	67	r	r	r	r	r	0.09
76.66	68	r	r	r	r	r	0.16
76.66	70	r	r	r	r	r	0.32
76.66	71	r	r	r	r	r	0.44
76.66	72	r	4.47	r	r	0.22	r
76.66	72½	r	r	r	s	r	0.30
76.66	73	r	3.63	r	r	0.33	r
76.66	74	r	r	r	0.18	0.50	r
76.66	74½	r	r	s	0.34	0.65	
76.66	75	1.98	r	r	0.43	0.89	r
76.66	75½	r	r	s	0.55	1.03	
76.66	76	1.34	r	2.35	0.83	1.28	1.86
76.66	76½	0.98	1.46	s	1.07	1.46	
76.66	77	0.68	1.20	1.97	1.16	1.65	r
76.66	77½	r	1.07	s	r	r	
76.66	78	0.42	0.91	1.51	r	2.37	3.10
76.66	78½	r	0.65	s	r	r	r
76.66	79	0.24	0.65	1.26	r	r	3.43
76.66	79½	0.20	r	s	r	r	r
76.66	80	0.16	0.43	0.90	r	r	r
76.66	80½	0.10	r	s	r	r	r
76.66	81	0.08	0.25	r	r	r	r
76.66	81½	0.08	r	s	r	r	r
76.66	82	0.03	r	0.50	r	r	r
76.66	83	r	0.10	0.39	r	r	r
6.25 mil Yen-European Style.							
76.66	72	4.32	r	r	r	r	r
76.66	73	r	3.78	r	r	r	r
76.66	75	r	r	0.64	r	r	r
76.66	78	0.34	r	r	r	r	r
62,500 Swiss Francs-cents per unit.							
Franc	78	r	r	r	r	s	0.27
78.57	73	r	r	r	r	0.20	r
78.57	74	r	r	r	r	0.28	r
78.57	75	r	r	r	0.17	r	r
78.57	76	r	r	r	0.40	r	r
78.57	76½	r	r	s	r	0.82	r
78.57	77	r	r	2.80	r	r	r
78.57	78	r	r	r	0.76	1.25	r
78.57	80	0.38	0.70	r	r	r	r
78.57	81	s	0.33	r	s	r	r
78.57	81½	r	0.26	s	r	r	r
78.57	82	r	0.20	r	r	r	r
422,500 Ecus-cents per unit.							
ECU	134	3.95	r	r	r	r	r

Total call vol. 19,799 — 342,471
Total put vol. 13,657 — 344,149
r—Not traded. s—No option offered.
Last is premium (purchase price).

Dividends

Company	Per	Amt	Pay	Rec
USUAL				
Amer Heritage Life	M	.08½	11-23	11-13
Amer Heritage Life	M	.08½	12-21	12-10
G&K Services	Q	.02½	1-4	12-14
Grainger (W W) Inc	Q	.29	12-1	11-12
Hercules Inc	Q	.55	12-21	12-7
Inspiration Res	Q	.03	11-14	11-6
Miller Building Sys	Q	.02	11-30	11-16
Nature's Sunshine	Q	.06	11-20	11-16
Torchmark Corp	Q	.35	2-1	1-10
Wendy's Intl	Q	.06	11-27	11-12

Source: UPI.

European Commodities

	Close Bid	Ask	High	Low	Previous Bid	Ask
LONDON SUGAR						
U.S. Dollars per metric ton						
Dec	221.00	223.00	215.00	215.00	216.40	218.00
Mar	217.20	217.40	218.00	210.00	210.00	210.50
May	217.80	218.00	218.40	212.00	211.80	212.00
Aug	219.40	220.00	220.00	213.40	213.40	214.00
Oct	219.60	220.20	220.00	213.80	212.60	213.00
Dec	218.00	219.00	208.00	204.00	206.40	216.00
Mar	219.40	220.00	213.60	213.60	214.00	217.00

Volume: 1,795 lots of 50 tons.

LONDON COCOA
Sterling per metric ton

Dec	654	655	660	646	635	636
Mar	696	697	705	681	681	682
May	724	725	730	720	711	712
Jul	748	750	754	747	735	736
Sep	770	774	778	770	758	759
Dec	798	802	807	796	783	784
Mar	826	827	834	829	807	808

Volume: 4,902 lots of 10 tons.

LONDON COFFEE
Sterling per metric ton

Nov	574	575	576	539	551	552
Jan	577	595	597	555	575	576
Mar	575	577	577	558	561	563
May	587	589	578	571	573	575
Jul	597	603	592	590	591	593
Sep	610	620	N.T.	N.T.	610	615
Nov	625	635	625	625	627	632

Volume: 5,497 lots of 5 tons.

Paris Bourse du Commerce was closed Thursday for a holiday and London spot prices were unavailable due to problems of the source.

Sources: Reuters.

London Metals

	Close Bid	Ask	Previous Bid	Ask
ALUMINUM (High Grade)				
Dollars per metric ton				
Spot	1915.00	1918.00	1948.00	1950.00
Forward	1722.00	1724.00	1752.00	1753.00
COPPER CATHODES (High Grade)				
Sterling per metric ton				
Spot	1327.00	1329.00	1363.00	1365.00
Forward	1316.00	1318.00	1350.00	1351.00
LEAD				
Sterling per metric ton				
Spot	368.00	370.00	372.00	373.00
Forward	372.00	373.00	375.00	376.00
NICKEL				
Dollars per metric ton				
Spot	8675.00	8725.00	8560.00	8700.00
Forward	8300.00	8310.00	8308.00	8325.00
TIN				
Dollars per metric ton				
Spot	6270.00	6280.00	6320.00	6340.00
Forward	6250.00	6260.00	6280.00	6300.00
ZINC (Special High Grade)				
Dollars per metric ton				
Spot	1293.00	1295.00	1295.00	1297.00
Forward	1288.00	1290.00	1293.00	1295.00

Spot Commodities

Commodity	Today	Prev.
Aluminum, lb	0.87	0.884
Coffee, lb	0.85	0.85
Copper electrolytic, lb	1.2925	1.317
Iron FOB, ton	213.00	213.00
Lead, lb	0.41	0.41
Silver, troy oz	4.29	4.21
Steel (billets), ton	473.00	473.00
Steel (scrap), ton	114.17	114.17
Tin, lb	4.0013	4.025
Zinc, lb	0.6451	0.6685

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U.S./AT THE CLOSE

Xerox Restructures Its Asian Units

STAMFORD, Connecticut (Combined Dispatches) — Xerox Corp. said Thursday that it will restructure its Asia-Pacific operations by transferring certain assets to a Tokyo-based associate in return for a payment of $410 million.

Under the plan, Fuji Xerox Co., owned by Xerox and Fuji Photo Film Co., will take ownership of Rank Xerox Ltd.'s operations in Australia, Malaysia, New Zealand and Singapore.

Fuji Xerox will pay $410 million to Xerox and Rank Xerox for the operations. Xerox said it would use its proceeds, which will total about $200 million after taxes and receipt of a special cash dividend from Rank Xerox, to repay short-term debt. *(AP, Reuters)*

Lotus Development to Buy Samna

CAMBRIDGE, Massachusetts (Combined Dispatches) — Lotus Development Corp. said Thursday that it had signed a definitive agreement to acquire Samna Corp., an Atlanta software company, for about $65 million.

Lotus said it hoped to complete the acquisition of Samna, a maker of word processors, by year's end. *(Reuters, UPI)*

Union Sues Canada on Boeing Sale

TORONTO (Reuters) — The Canadian Auto Workers union said Thursday that it had filed a one billion dollar ($857 million) lawsuit against the Canadian government over the sale of Boeing Canada Ltd.'s De Havilland division to a European aerospace consortium.

The suit charges the government with breach of trust and failure to protect jobs under the sale to a consortium of Aerospatiale SA of France and Aeritalia SpA of Italy. The suit seeks a guarantee that Boeing Canada will keep its 5,600 workers if the sale goes ahead.

Construction Spending Falls Steeply

WASHINGTON (AP) — Construction spending fell 2.8 percent in September, its steepest drop since the last recession, the government said Thursday, and analysts said any recovery is at least months away.

"Given what we see now," said Daryl Delano, an economist with Cahners Economics, "we have several more months to go before we can say we've hit the bottom."

The Commerce Department said residential, nonresidential and government spending totaled a seasonally adjusted annual rate of $428.7 billion — the lowest level since November 1988.

Summers Will Become World Bank Economist

New York Times Service

NEW YORK — Lawrence H. Summers, a Harvard professor and Keynesian economist who specializes in tax, labor and financial issues and who served as Michael S. Dukakis's chief economic adviser during his 1988 presidential bid, is joining the World Bank as vice president and chief economist.

Besides working with Mr. Dukakis, Mr. Summers, 35, served as a domestic policy economist in the Council of Economic Advisers in the Reagan administration and has been a consultant to the Labor and Treasury Departments.

He will replace Stanley Fisher, an international economist who just returned to his tenured professorship at the Massachusetts Institute of Technology.

Mr. Summers, whose annual salary will be around $120,000 after taxes, was picked after a list of possibilities had been narrowed from 60 to 4 — three Americans and a Briton, said a World Bank official Wednesday who requested anonymity.

The appointment has caused some political sniping from some Washington conservatives but has been endorsed by the Bush administration.

U.S. Says Oil Market Could Be Shut

Reuters

WASHINGTON — A U.S. government regulator said on Thursday that U.S. oil futures markets could be shut down as a last resort to keep oil prices from gyrating out of control in the event of war.

The commodity futures trading commissioner, William Albrecht, said that was one of several emergency options being considered if war breaks out.

"There are too many variables," he said. "All we can do is make a list of things that might be done, with the preferred one of keeping the markets open."

Mr. Albrecht's statement unsettled traders on the floor of the New York Mercantile Exchange.

"I'm stunned by the idea," one floor trader said. "It's really quite distressing."

Traders said that a shutdown of futures markets would be a permanent blow to the exchange's reputation, and they doubted it would succeed in dampening speculative price increases.

Critics have blamed speculation in futures markets for the dizzying oil price spiral since Iraq's invasion of Kuwait in August. Even President George Bush took a swipe at the frenzied markets, warning traders that they could get burned.

Mr. Albrecht mentioned the possibility of closing the markets at a Senate hearing on the impact of futures trading on oil prices.

But he said that the Commodity Futures Trading Commission, which regulates U.S. futures exchanges, had found no evidence of market manipulation and defended the performance of energy futures traded at the New York Mercantile Exchange during the Gulf crisis.

"The commission believes that the energy futures markets are accurately reflecting cash market developments which inextricably are linked with the prospects for war in the Persian Gulf," he said.

Mr. Albrecht said closing the markets could have damaging effects. Traders, trapped in their positions, could lose millions of dollars if the situation changes dramatically while the markets are closed, he said. And trading would continue on non-U.S. exchanges in any event.

Other alternatives would be restricting trading to liquidating positions or suspending trading to give the markets time to absorb developments, Mr. Albrecht said.

DATA: *Recession Looms*

(Continued from page 1)

recent years to argue that service industries make the U.S. economy recession-proof. The view is, naturally, disputed at the National Association of Manufacturers.

"Demand emanates from the industrial sector," said Mr. Richards. "Once that starts dropping, something we call 'co-integration' starts affecting other industries."

In fact, some service industries are already in a slump, especially real estate.

The main disagreement among forecasters now is whether the recession will be shallow but possibly drawn-out, or very deep with a sharp bounceback as financial calamities push the economy off a precipice and then allow firms to recover quickly from bankruptcy by shedding debt.

WORLD STOCK MARKETS

Agence France Presse Nov. 1

Amsterdam

	Close	Prev.
ABN Amro Hld	30.90	31.20
ACF Holding	33.20	33.20
Aegon	108.50	110.40
Ahold	127.80	129
Akzo	69.20	73.40
AMEV	45.40	46.40
A'Dam Rubber	4.30	4.35
Bols	168.80	173
Bührmann Tett	51.30	53.60
Center Parcs	29.30	29.30
CSM	83.10	84.20
DAF	18.10	18.70
DSM	81.40	84.20
Elsevier	78.70	80.30
Fokker	33.30	35.70
Gist-Brocades	27.90	29
Heineken	122.60	124.70
Hoogovens	53.20	54.50
Hunter Douglas	61.60	62
IHC Caland	52	52.50
Inter Mueller	75.50	78.50
KLM	19.10	20.10
KNP	35.10	36.50
Nat Neder	53.50	54.20
Nedlloyd	40.80	42.10
NMB Postbank	38.10	39.20
Oce Grinten	34.60	35
Pakhoed	198	201.80
Philips	19.30	19.50
Robeco	85.80	86.50
Rodamco	50	50.30
Rolinco	81.10	82.60
Rorento	60.10	60.50
Royal Dutch	132.30	133.10
Unilever	144.30	146.60
Van Ommeren	38.50	38.50
VMF Stork	44.80	46.20
VNU	77.50	79.30
Wessanen	59.70	59.80
Wolters/Kluwer	50	51

CBS Gen'l trend index : 94.70
Previous : 96.90

Markets Closed

Stock markets were closed Monday in Brussels, Madrid, Milan and Paris for a holiday.

Frankfurt

	Close	Prev.
AEG	216	219.80
Allianz Hold	2100	2115
Altana	470	474
Asko	888	894
BASF	195.10	197.30
Bayer	201.60	202.90
Bay. Hypo bank	N.Q.	302
Bay Vereinsbk	318	320
BBC	770	N.Q.
BHF Bank	373	380
BMW	410	414
Commerzbank	218.50	224.50
Continental	222	229.70
Daimler Benz	576.50	588
Degussa	287	299.90
Di Babcock	141	138
Deutsche Bank	592	601
Dresdner	830	831.50
Feldmuehle	276.50	279.80
Fresenius	490.50	490
Hapagmer	473	475
Henkel	584	588.80
Hoechst	1272	1300
Horten	220	220
IWKA	279	285
Kali Salz	154	158
Karstadt	445	470
Kaufhof	558	559.50
KHD	164	164
Kloeckner Werke	136.50	137
Krupp Stahl	280	288
Linde	795	797
Lufthansa	112	115.50
MAN	362	368
Mannesmann	255.30	254.50
Metallgesell	460	450
Muench Rueck	2220	2180
Nixdorf	276.50	278.20
PKI	520	519.50
Porsche	740	755
Preussag	303.30	306.50
PWA	209	209
RWE	397.20	404.50
Reinmetall	N.Q.	304
Schering	675	679.50
SEL	240	240.20
Siemens	566	566
Thyssen	189	191.50
Varta	300.50	307
Veba	305.30	308.80
VEW	210.20	213
Viag	358.50	360
Volkswagen	359	364
Wella	712	713

DAX Index : 1417.26
Previous : 1429.11
FAZ Index : 617.65
Previous : 622.87

Helsinki

	Close	Prev.
Amer A	54	54
Enso-Gutzeit	21	20.50
K.O.P.	32	30.40
Kymene	54	53
Nokia	54	52.50
Pohjola	120	120
Stockmann	84	91
Unitas Papers	130	135
Wartsila	340	340

Unitas Index : 499.50
Previous : 413.28

Hong Kong

	Close	Prev.
Bk East Asia	13.60	13.80
Cathay Pacific	7.25	7.25
Cavendish Int'l	3.55	3.58
Cheung Kong	12	12.10
China Light Pwr	14.50	14.50
Cheung Kong Int'l	9.40	9.45
Hang Lung Dev	5.30	5.40
Hong Kong Bank	21	21
Henderson Land	8.50	8.55
HK Air Eng.	14.80	14.90
HK China Gas	9.75	9.85
HK Electric	9.25	9.30
HK Land	7.60	7.60
HK Realty Trust	4.35	4.40
HK Shang Bank	4.70	4.88
HK Shang Hts	4.13	4.13
HK Telecomm	6	5.90
HK Ferry	3.75	3.72
Hutch Whampoa	10.80	11
Hysan Dev	1.16	1.16
Jardine Math.	31.75	32.50
Jardine Str Hld	16.30	16.30
Kowloon Motor	5.75	5.88
Mandarin Orient	4.60	4.60
Miramar Hotel	5.90	6
New World Dev	8.70	8.80
SHK Props	14	14.30
Shelux	2.82	2.73
Swire Pac A	13.20	13.30
Tai Cheung Prps	3.45	3.50
TVE	0.97	0.99
Wheel Hold	7.95	8.10
Wing On Co	6.70	6.80
Winsor Ind.	7.05	7.15
World Int'l	3.73	3.83

Hang Seng Index : 2968.74
Previous : 2978.36

London

	Close	Prev.
Allied Lyons	4.63	4.78
Amstr Am Gld	33	33.63
AA Corp	13.06	12.78
Asda-MFI Gp	1.25	1.23
Ass Brit Foods	3.84	3.87
Barclays	3.30	3.35
Bass	9.92	10.27
B.A.T.	5.53	5.55
Blue Circle	1.99

NASDAQ

Thursday's Prices

NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		A								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		B-C								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		D-E-F								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		G-H-I								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		J-K-L								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		M-N								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		O-P-Q								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		R-S								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		T-U-V								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		W-X-Y-Z								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMEX

Thursday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		A								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		B								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		C								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		D-E								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		F-G								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		H								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		I-J-K-L								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		M-N								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		O-P-Q-R								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		S								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		T								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		U-V								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chge
		W-X-Y-Z								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s).
b—annual rate of dividend plus stock dividend.
c—liquidating dividend.
cld—called.
d—new yearly low.
e—dividend declared or paid in preceding 12 months.
g—dividend in Canadian funds, subject to 15% non-residence tax.
i—dividend declared after split-up or stock dividend.
j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k—dividend declared or paid this year, an accumulative issue with dividends in arrears.
n—new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd—next day delivery.
P/E—price-earnings ratio.
q—dividend declared or paid in preceding 12 months, plus stock dividend.
s—stock split. Dividend begins with date of split.
sls—sales.
t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u—new yearly high.
v—trading halted.
vi—in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd—when distributed.
wi—when issued.
ww—with warrants.
x—ex-dividend or ex-rights.
xdis—ex-distribution.
xw—without warrants.
y—ex-dividend and sales in full.
yld—yield.
z—sales in full.

China Lifts Price Of Sugar by 58%

Compiled by Our Staff From Dispatches

BEIJING — China's cash-starved government on Thursday launched its first round of major price rises since panic-buying two years ago forced the communist authorities to impose a freeze to curb inflation.

State-controlled sugar prices rose nationwide by 58 percent, the State Price Administration said.

The cost of salt, coal and gasoline has risen in recent weeks. Word is sweeping Beijing that electricity and water will soon cost more.

An administration official said price rises on other subsidized commodities were likely.

Beijing residents rushed to the shops on Thursday to snap up cotton cloth and clothing, driven by rumors that prices would soon rise sharply, perhaps double.

Diplomats said the government was confident that the increases would not trigger urban unrest because inflation was down, wages were up and memories were still fresh of the crackdown on prodemocracy protests in June 1989.

"With only 100 yuan ($21.20) a month salary and prices going up, it's hard to live," said one shopper.

But although ordinary Chinese bewailed the sudden rise, Western analysts hailed it as a long overdue step for the economy.

"It's obviously a very good move," said a Western diplomat. "These heavy subsidies have been a drag on the government budget."

State subsidies to debt-ridden enterprises and in the form of artificially low prices for food and energy cost the government more than one third of its annual budget.

Subsidized prices are well below true market prices. "It's logical to reduce that differential," said a foreign economist. He thought the timing was good because savings were high and wages had risen. "It won't hurt people so much to raise prices now," he said.

The State Statistics Bureau said earlier this week that wages climbed 9.6 percent in the first nine months of 1990, the highest growth rate since 1987. Inflation had fallen to around 3 percent.

Last week a government official said state-controlled grain prices would be raised for urban consumers for the first time since the communists took power 41 years ago.

Earlier this year, the State Price Administration said prices of coal, electricity, cotton, farming materials, medical and education services would be "straightened out."

In another development the commerce minister, Hu Ping, was quoted Thursday as saying that the root cause of a sluggish consumer market in China was the manufacture of too many products that nobody wants.

Mr. Hu, speaking to China Daily before he left for a visit to Japan, said, "Only through the continuous development of new marketable products can we push the slow market forward now and keep it going forward in the future."

Some 174.8 billion yuan in industrial products was reported to have been stockpiled in May.

(Reuters, AFP)

Japan to Buy Soviet Space Technology

TOKYO — Toyo Engineering Corp. said Thursday that it had purchased technology for manned space stations from the Soviet Science & Industry Corp., in the first import of Soviet space technology.

Toyo officials said the technological package for human dwelling in space stations included temperature and humidity-control systems and ways to remove harmful gases.

Company officials refused to disclose the licensing fees.

They said the purchase of Soviet space technology was in line with the company's plan to diversify its operations from petrochemical plant engineering to manned space stations.

The company set up a special task force for space engineering in April, they said.

Mr. Alfred Shestakov, deputy minister of the Soviet Machine Building Ministry, said in March that the Soviet Union was ready to provide Japan with space technology.

Cathay Plans Talks With Dan-Air

Reuters

HONG KONG — Hong Kong's flag carrier, Cathay Pacific Airways Ltd., said Thursday that it was interested in buying all or part of the aircraft-servicing arm of Britain's Dan-Air charter flight operator.

Karina Leung, Cathay's public relations manager, said Cathay was interested in Dan-Air Engineering Ltd., which runs Dan-Air's hangar facilities at London's Gatwick Airport. Cathay flies twice daily to Gatwick from Hong Kong.

"We think it would be useful for our servicing and for expanding operations of Hong Kong Aircraft Engineering Co.," she said. Cathay and Hong Kong Aircraft Engineering are controlled by Swire Pacific. Dan-Air by Davies & Newman Holdings.

Ms. Leung said that Cathay planned to meet Dan-Air officials for discussions.

She declined to estimate the value of a possible deal with Dan-Air. Airline industry sources in Hong Kong said cash-strapped Dan Air would be likely to ask up to £25 million ($48.6 million) for sale of the engineering company.

Although Gatwick is its main engineering base, Dan-Air also has a smaller operation in Manchester, where Cathay also flies. Ms. Leung declined to say if the Manchester facility would be included in talks with Dan-Air.

The talks come at a time when Cathay is under some financial pressure, having reported disappointing earnings for the latest half and feeling the effects of higher oil prices.

Cathay, widely considered one of Asia's strongest airlines, reported in August that it had after-tax profit of 1.42 billion Hong Kong dollars ($182.3 billion) in the six months ended June 30, up about 4.4 percent from the year-earlier period. Analysts had expected midyear profit growth of between 7 to 10 percent.

BANKS: *Profit Slide Expected by Japan Institutions*

(Continued from first finance page)

global liquidity problem that has been developing will continue," he said.

Unrealized gains from securities transactions have in recent years been used to bolster the banks' balance sheets. The decline in share prices has therefore hit the banks hard, cutting the stock gains for the major Japanese city banks by about 25 percent since March alone.

Clive Westwood Dunkley, of Barclays de Zoete Wedd, said "we do not see much more deterioration ahead unless the stock market collapses again." But he warned that developments in the Gulf crisis and world economy drive remained huge uncertainties. "We are well aware of what the risks are."

Higher interest rates have also driven up the cost of capital for the banks and depressed lending business. Their large exposure to the fragile property market domestically as well as in the United States and in Britain has raised fears about existing loans.

This has happened at a time when the banks are seeking to meet tough new global capital adequacy rules set by the Bank for International Settlements in Basel, Switzerland.

Though the 8 percent ratio of capital to risk-weighted assets does not have to be met until March 1993, the Japanese institutions have been forced to become more profit-conscious rather than fighting for market share by aggressively buying assets and providing cheap loans.

Between 1986 and 1989, the average return on assets of Japanese banks was 0.34 percent as opposed to 0.47 percent for U.S. banks and 0.56 percent for British banks.

Despite the new profit consciousness, analysts said it will be some time before new, higher margin business begins to show on the bottom line. Moreover, if securities markets continue to decline and the banks are unable to sell assets at a reasonable price, profits and the capital ratios will continue to suffer.

The Japanese vice minister of finance, Makoto Utsumi, said Thursday that he had "no concern" about the ability of Japanese banks to meet the timetable laid down by the BIS rules.

The analysts agreed, but said they faced difficult months ahead.

"It is crazy, unsustainable, to have a bank whose underlying position swings up and down with the equity market," said Mr. Tyce.

Despite the problems faced by the Japanese banks, however, the analysts warned against too much pessimism.

INVEST: *Japan Spending to Fall*

(Continued from first finance page)

extended period, the cost to corporations of raising funds will rise because they will have to rely more on bank lending, the report said.

The Nikkei-225 stock index closed at 24,295.16 on Thursday, down more than a third from its peak last December of 39,000.

Because of its stock market traditions, the Japanese market has been a much more efficient generator of capital in recent years than the American stock market.

Japanese shares are much more highly priced, relative to earnings, than U.S. shares and pay much lower dividends. Until the start of the market decline this year, those two factors have allowed Japanese corporations to tap the market with much greater frequency than their Western counterparts.

In the two years following the Oct. 17, 1987, world stock market collapse, for example, Japanese banks were able to raise $22 billion in capital in order to satisfy the new international standards on bank capital adequacy. Over the same period, American banks were able to raise only $5.7 billion in new equity.

The advisory panel proposed that the government bear in mind the possibly negative effects of the Gulf crisis on domestic prices and ensure stability in capital and financial markets. *(Reuters, AFP)*

News Corp. Debt Scares Investors

Compiled by Our Staff From Dispatches

SYDNEY — Shares in News Corp. and Adelaide Steamship Co. slumped Thursday as investors continued to abandon highly geared stocks, dealers said.

News Corp. fell 66 cents, or 13 percent, from Wednesday's close to finish at 4.50 Australian dollars ($3.52) after earlier touching 4.25 dollars, the lowest level since early 1986. Adsteam shed another 22 cents, or 17 percent, to 1.06 dollars after touching 1.05 dollars.

News Corp.'s shares have fallen from 10.45 dollars since late September due to investor concern over its debt of 10.5 billion dollars, which compares with net assets of 11.34 billion dollars.

Thursday's fall wiped some 150 million dollars off the market value of News Corp.

Adsteam's price has dropped from 6.60 dollars earlier this year, and from 1.76 dollars on Tuesday when the managing director John Spalvins announced plans to reduce group debt.

Their plunges coincided with a 1.8 percent fall in the All Ordinaries Index on Thursday.

"News Corp.'s fall has been worse than the rest of the market because of concern at their debt," said a dealer.

All Adsteam group stocks fell, with David Jones Ltd. down 80 cents, to 2.90 dollars, Petersville Sleigh down 10 cents to 1.20 dollars, Tooth & Co. down 2.70 dollars to 4.00 dollars, and National Consolidated Ltd. down 25 cents to 95 cents.

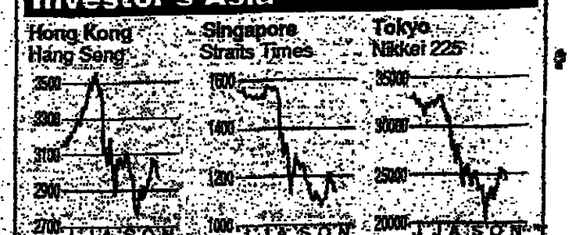
"Highly geared companies are being treated very harshly by the market," said another dealer. *(Reuters, AFP)*

Westpac Move in Indonesia

Agence France-Presse

JAKARTA — Westpac Banking Corp. on Thursday launched a full banking operation in Indonesia through a joint venture with a local firm, becoming the first Australian bank to open in the country, bank officials said. PT Westpac Panin Bank opened with a capital of 50 billion rupiahs ($26 million), with Westpac holding 85 percent.

Investor's Asia



Exchange	Index	Thursday Close	Prev. Close	% Change
Hong Kong	Hang Seng	2968.74	2990.86	-0.74
Singapore	Straits Times	1133.68	1153.95	-1.76
Sydney	All Ordinaries	1303.00	1327.20	-1.82
Tokyo	Nikkei 225	24295.16	25194.10	-3.57
Kuala Lumpur	Composite	486.46	491.71	-2.29
Bangkok	SEAK Club	571.48	568.19	+0.58
Seoul	Composite Stock	717.47	690.16	+3.96
Taipei	Weighted Price	3139.89	3318.53	-5.38
Manila	Composite	Closed	609.86	
Jakarta	Stock Index	670.55	670.83	-0.04
New Zealand	Barclays	1316.94	1330.34	-1.01
Bombay	National Index	654.87	640.96	+2.17

Sources: Reuters, AFP International Herald Tribune

Seoul Hopes to Launch New Fund This Month

Reuters

SEOUL — South Korea will take another shot at launching the Korea Asia Fund, its third country fund, in mid to late November, one lead manager said Thursday.

The $100 million fund was to be launched in mid-September in Hong Kong and London but was delayed because of poor domestic and international market conditions, managers said at the time.

"The date is not yet confirmed," said Song Kyung-heon, general manager of the international business department at Dongsuh Securities Co., one of four lead managers for the deal. "Our position is that we are trying to issue in mid- or late November. However it depends on the international market situation."

The fund managers can announce the date just one week in advance. A foreign securities analyst, who asked not to be named, said the managers were right to time the issue on market conditions, to ensure that investors bought on issue instead of awaiting possible bargains.

"This should be a market-driven decision," the analyst said. "The real issue that no one can assess very well right now is whether the fund will go to a premium or a discount. That's where the reference to international conditions is essential."

The minimum purchasing requirement for initial offerings of the fund is 500 shares at $10 each.

The New York-listed Korea Fund, popular from the outset, enjoyed a premium to net asset value of around 120 percent in October 1989, before drifting to current levels of 25 percent. The Korea Europe Fund, listed in London, is trading at a one percent discount; it had traded at an 80 percent premium in January.

Salomon Brothers International Ltd., who along with Yamaichi International (HK) Ltd. and Cosyo Securities Co. are managing the issue, confirmed the tentative new date for the launch.

ADVERTISEMENT

INTERNATIONAL FUNDS

October 31, 1990

Quotations supplied by funds listed. Net asset value quotations are supplied by the Funds listed with the exception of some quotes based on issue price. The marginal symbols indicate frequency of quotations supplied: (d) – daily; (w) – weekly; (b) – bi-monthly; (r) – regularly; (t) – twice weekly; (m) – monthly

ABACUS FUNDS
(m) Abacus Fund Ltd. ___ $ 9,654.60
(b) Abacus Guart.Fd. Mar.'94 ___ $ 9.45
(m) Abacus Guart.Fd. July'95 ___ $ 10.02
ABC INVESTMENT & SERVICES CO (E.C)
(m) ABC FUTURES FUND LTD ___ $ 102.66
ABN BANK I.D.B.B. P.O. Box 649, Amsterdam
(w) ABN-Aandelenfonds ___ Fl. 68.42
(w) ABN-Beleggingsfds Med. ___ Fl. 56.12
(w) Aldelior ___ $ 22.20
(w) Alrenta ___ Fl. 140.56
(w) America-Fond (I.E) ___ $ 144.95
(w) Asian Tigers Fund ___ $ 29.44
(w) LDC Risk Inv.fund ___ $ 1074.41
(w) Trans Europe Fund ___ Fl. 72.44
(w) Trans Europe Fund ___ $ 43.15
AIG FUND MANAGEMENT LTD.
(d) AIG Amer.Eq.Trust ___ $ 20.88
(d) High Life Fund ___ ECU 9.48
(d) UBZ Euro Performance ___ ECU 9.68
ALFRED BERG
(w) Berg Norden Sicav ___ $ 138.54
-Alfred Berg Sicav:
(w) Global ___ $ 119.54
(w) Germany ___ $ 127.61
(w) Switzerland ___ $ 101.34
(w) Netherlands ___ $ 91.80
AL-MAL BANK LIMITED.
(w) Investmed Units ___ $ 99.55
(w) Currency Units ___ $ 115.62
ALPHA ASSET MANAGEMENT LTD.
De Ruyterkade 62,Curacao NA 5999 617844
(m) Alpha Arbitrage Fund ___ $ 272.81
(m) Alpha Europe Fund ___ ECU 230.93
(m) Alpha Futures Fund Ltd. ___ $ 147.64
(m) Alpha Global Fund ___ $ 648.77
(m) Alpha Hedge Fund ___ $ 335.75
(m) Alpha Pacific Fund Ltd. ___ $ 251.32
(m) Alpha Short Fund Ltd. ___ $ 131.64
(m) Alpha Tilldale Fund ___ $ 111.13
(m) Curran-Alpha Hth Care Fd. ___ $ 261.31
(m) Nicholas-Applegate Inst Fd ___ $ 116.38
(w) Heisei Japan Fund ___ Y 14,474.00
(w) Nicholas-Applegate Aurelia. ___ $ 158.00
ARRAL ASSOCIATES LTD
(w) Arral Intl Hedge Fund ___ $ 87.39
(w) Arral Asian fund ___ $ 119.61
BA GATEWAY FUND
(b) Belgium Fixed Income ___ BFr 10262.00
(b) Germany Fixed Income ___ DM 98.73
(b) Netherlands Fixed Income ___ Fl. 99.59
(b) US Dollar Fixed Income ___ US$ 105.36
(b) Japan Equity ___ 10550.00
(b) Pacific Equity ___ US$ 86.76
(b) Intl Portfolio 'A' ___ US$ 100.24
(b) Intl Portfolio 'B' ___ ECU 96.26
BEARBULL
(w) BB Futures Ltd. ___ $ 1,235.8
(w) BB Forex Ltd. ___ $ 1,194.5
BNP INTERFUNDS
BNP LUXEMBOURG
(w) INTERBOND FUND. ___ $ 209.51
(w) INTERBELGIAN ___ FB 54,240.00
(w) INTERECU FUND 'A' ___ ECU 258.25
(w) INTERECU FUND 'B' ___ ECU 1,080.55
INTER CASH
(f) France Securite. ___ FF 12,925.75
(f) France Monetaire. ___ FF 11,093.77
(f) ECU ___ ECU 1,433.64
(f) US$ ___ $ 1,095.15
(f) DM ___ DM 2,175.79
(f) GBP ___ £ 1,107.33
(f) FRF ___ FF 15,925.76
(f) France Capital. ___ FF 11,844.09
INTER OPTIMUM
(w) BEF/LUF ___ FB 74,070.00
(w) Multidevises DM ___ DM 2,028.77
(w) US$ ___ $ 1,811.72
(w) FRF ___ FF 10,574.93
INTER STRATEGIE
(w) France. ___ FF 9,129.28
(w) Europe du Nord. ___ £ 991.53
(w) Europe du Centre. ___ DM 1,967.22
(w) Europe du Sud. ___ ECU 939.88
(w) Japon. ___ Y 135,828.00
(w) Amerique du Nord ___ $ 937.72
(w) Sud-Est Asiatique. ___ $ 823.63
BNP JERSEY
INTER CURRENCY
(w) US$ ___ $ 11,673.8
(w) DM ___ DM 33,153.6
(w) GBP ___ £ 12,639.8
(w) International Managed. ___ $ 11,764.4
INTER EQUITY
(w) French Offer. ___ $ 17.96
(w) Pacific Offer. ___ $ 18.17
(w) North American Offer. ___ $ 18.79
(w) European Offer. ___ $ 18.93
(w) Australia Class. ___ $ 9.52
BANQUE BELGE ASSET MGMT FUND
Share Distributor Guernesey 0481 726614
(w) Intl Equity Fund (Sicav) ___ $ 10.22
(w) Intl Bond Fund (Sicav) ___ $ 12.41
BANQUE INDOSUEZ
(w) FIFInt.S'pore-Malay. ___ SG$ 7.65
(w) FIF-Internat. Div.A ___ $ 18.97
(w) FIF-Internat. Div.B ___ $ 19.98
(w) FIF Internat.America ___ $ 14.48
(w) FIF Internat.Pacific ___ $ 41.70
(w) FIF Internat.Europe ___ $ 38.70
(w) FIF Internat.Japan ___ Y 985.00
(w) FIF Int. Nat. Res. A ___ $ 11.54
(w) FIF Int. Nat. Res. B ___ $ 11.84
(w) FIF Int. Switz. ___ SF 88.97
(w) Indosuez Mult. Div. A ___ $ 134.96
(w) Indosuez Mult. Div.B ___ $ 300.92
(w) Indosuez Multibonds US$ ___ $ 111.42
(w) Indosuez Multibonds YEN ___ Y 10,433.96
(w) Indosuez Mult. DM ___ DM 106.88
(w) France International ___ FF 84.87
(w) The Dragon Fund Sicav ___ $ 93.50
(w) Asian Growth Fund ___ $ 30.91
(w) Asian Income Fund ___ $ 9.02
(w) Diverbond ___ SF 75.45
(m) Dual Futures Fd. Class A Units ___ $ 111.24
(m) Dual Futures Fd. Class B Units ___ $ 109.37
(m) Dual Futures Fd. Class C Units ___ $ 105.49
(m) Dual Fut. Fd. Class D Units ___ $ 105.07
(m) Galaxy Futures Fd Ltd ___ $ 120.52
(w) Himalayan Fund ___ $ 10.29
(w) Indosuez Australia Fund ___ $ 3.60
(d) Indosuez Hong Kong Fund ___ $ 16.525
(w) Intl Bond Fund ___ $ 10.715
(w) IPNA-3 ___ $ 1120.00
(w) ISA Japan Reg. Gr. Fd. ___ Y 875.00
(w) Japan Fund ___ $ 14.495
(d) Japan Warrant Fund ___ $ 5.05
(w) Malacca Fund ___ $ 14.19
(w) Managed Trust ___ $ 16.240
(w) Manila Fund ___ $ 6.91
(d) New Zealand Fund ___ $ 6.215
(w) North American Fund ___ $ 27.880
(d) Oriental Ventures Trust. ___ $ 38.565
(w) Pacific Gold Fund ___ $ 10.64
(w) Pacific Trust ___ HK$ 19.15
(d) Pacific Warrant Trust ___ $ 6.790
(w) Precious Metals Trust ___ $ 7.995
(w) The Slam Fund ___ $ 20.42
(w) Sina. & Malay. Trust ___ $ 12.730
(d) Worldwide Growth Fund ___ $ 9.730
BANQUE PRIVEE E. DE ROTHSCHILD
(w) Daiwa Capital E. Fund ___ $ 963.54
(w) Daiwa LCF Rothschild ___ $ 1,029.14
(w) Ecu D'Or ___ ECU 70.22
(w) Hispano Int'l Fund ___ ECU 10.87
(b) Pri-Tech ___ $ 1,163.99
(b) Source Sicav ___ $ 12.18
BANQUE E. DE ROTHSCHILD LUX. SA
(b) Quintet BP Fixed Inc.Fund ___ DM 93.26
(b) Quintet BP General Fund ___ DM 111.98
(b) Equity Fund ___ LF 8,009.00
(b) Europe Japan Fund ___ $ 10.26
(b) Governm. Sec. Fund ___ $ 64.42
(w) Letcom ___ $ 2,241.37
(b) Opportunities Fund ___ $ 911.57
(b) Pacific Fund ___ $ 321.82
(b) Prinop fund ___ DM 42.67
(w) Rente Plus ___ BF 4,880.00
(b) Select, Horizon FF ___ FF 452,26.89
(b) Star Conv.Fund FL ___ FL 9,547.00
(b) Star Conv.Fund USD ___ $ 92.95
BANQUE SCANDINAVE EN SUISSE-GENEVE
(w) Interfund Cht. ___ SF 69.78
(w) Intelsec Chf. ___ SF 1495.30
(w) Universal Intelbond ___ $ 15.79
(w) Universal Intelsec ___ $ 17.74
(w) Universal Intellibond ___ FF 100.62
BROADGATE INTERNATIONAL FUND
(d) S Money Market ___ $ 13.74
(d) Non-S Money Market ___ DM 33.29
(d) S Bond ___ $ 14.07
(d) Non-S Bond ___ DM 31.01
(d) European Equities ___ $ 10.04
(d) Global Equity ___ $ 16.49
(d) Global Bond ___ $ 15.09
(d) Global Bond & Equity ___ $ 14.86
(d) Pacific Portfolio ___ $ 10.29
(d) Pac. Meta/Min. Secs ___ $ 5.54
B.W MANAGED ASSETS CY. S.ICAV
(t) Global Bond Fund ___ ECU 19.21
(t) European Securities Fd. ___ ECU 14.80
(t) French Securities Fund ___ FF 135.54
(t) North American Secu.Fund. ___ $ 13.29
(t) Pacific Basin Secu. Fund ___ $ 9.42
CAISSE CENTRALE DES BANQUES POP.
(d) Fructifux Obl. Fges ___ FF 6,119.78
(d) Fructifux-Obl.Euro ___ ECU 1,134.38
(d) Fructifux-Act.Fges ___ FF 6,343.74
(d) Fructifux-Act.Euro ___ ECU 1,098.25
(d) Fructifux court terme ___ FF 6,373.98
CALLANDER
(w) Callander Emer. Gr. ___ $ 94.09
(w) Callander F-Asiat ___ $ 75.45
(w) Callander F-Austria ___ AS 1,489.58
(w) Callander F-Spanish. ___ Ptas 7,850.00
(w) Callander Swiss Gr. ___ SF 128.20
CAPITAL INTERNATIONAL
(w) Capital Intl Fund ___ $ 86.57
(w) Capital Italia SA ___ $ 37.70
CCF - GAMMA
(w) CM Actions ___ $ 37.86
(w) CM Global Growth ___ $ 10.45
(w) Elysees Court Terme ___ FF 63,149.01
(w) Elysees Long Terme ___ FF 57,867.44
(w) Elysees Monetaire ___ FF 66,274.09
(w) EMF Sterlings (A & B) ___ £ 564.79
(w) EMF Dutch Gul.(A&B) ___ FL 1,039.75
(w) EMF D-Mark (A&B) ___ DM 1,001.22
(w) EMF Ecu (A & B) ___ ECU 1,046.59
(w) EMF US Dollar (A & B) ___ $ 1,101.33
(w) EMF Yen (A & B) ___ Y 99,095.00
(d) Europe Prest. Fd A ___ ECU 8.72
(d) Europe Prest. Fd B ___ ECU 10.25
(w) Euro. Smlr Cos. Fd.A ___ ECU 12.41
(w) Euro. Smlr Comp.Fd.B ___ ECU 12.41
CDC INTERNATIONAL
(w) CFI Court Terme ___ FF 130,231.23
(w) CFI Long Terme ___ FF 105,439.85
CIC GROUP
(d) Obliclic Monetaire ___ FF 12,671.36
(d) Obliclic Court Terme ___ FF 12,554.40
CITICORP INVESTMENT BANK (LUX)
POB 1373 Luxembourg Tel. 477.95.71
(d) Citicurrencies USD ___ $ 1,423.43
(d) Citicurrencies Managed ___ $ 127.18
(d) Citinvest Manag. Growth ___ $ 1,184.97
(d) Ch.Mang.Growth Euro ___ ECU 998.25
(d) Citinvest Selector ___ $ 1,844.44
(d) Citinvest Guardian's ___ $ 1,070.34
(d) Citinvest Guard. Euro ___ ECU 1,471.12
(d) Citiport N.A Equity ___ $ 135.94
(d) Citiport Jap. Equity ___ Y 4,685.00
(d) Citiport UK Equity ___ £ 94.62
(d) Citiport IAPEC ___ $ 117.66
(d) Citiport Cont.Euro. Eq. ___ ECU 124.13
(d) Citiport N.A.S Bond ___ $ 110.88
(d) Citiport Euro Bond ___ ECU 107.78
(d) Citiport AS.Pac.Bd. ___ Y 10,891.00
(d) Citiport German ___ DM 79.06
(d) Citiport French Eq. ___ FF 999.60
(d) Citiport Swiss ___ SF 79.42
(d) Citiport Eamer. ___ $ 96.58
CITYTRUST
(w) U.S. $ Equities ___ $ 192.33458
(w) U.S. $ Bonds ___ $ 13.04789
(w) U.S. $ Money Market ___ $ 13.86176
(w) Citiland ___ $ 765.12269
(w) Citiperformance Pif S.A ___ $ 97.0025
(w) Global Equities. ___ $ 7.34000
(w) Global Money Market. ___ $ 12.75000
(w) Global Bonds. ___ $ 11.04000
COMPASS INTL HOLDINGS Ltd.
POB 453, Jersey 0534 27267
(w) Bond:Dollar Med.Term ___ $ 10.47
(w) Bond:Ecu Multicur. ___ ECU 9.99
(w) Equity:United Kingdom ___ £ 7.29
CREDIT AGRICOLE: MOSAIS
(d) Actions Bassin Pacif. ___ $ 13.48
(d) Actions Europennes ___ ECU 14.18
(d) Actions Francaises ___ FF 98.95
(d) Actions Int. Div. ___ FF 95.73
(d) Actions Japon ___ Y 2,113.46
(d) Actions Nord-Am. ___ $ 17.79
(d) Court Terme ECU ___ ECU 16.83
(d) Court Terme FRF ___ FF 106.95
(d) Court Terme USD ___ $ 15.29
(d) Oblig. Europeennes ___ ECU 15.72
(d) Oblig. Francaises ___ FF 106.99
(d) Oblig. Int. Rendt. ___ $ 16.32
(d) Oblig. Int. diversifiees ___ FF 102.36
(d) Oblig. Int.Div.Sensib.Red ___ FF 103.20
(d) Oblig. N. Americaines ___ $ 15.33
CREDIT SUISSE (ISSUE PRICES)
(d) CSF Bonds ___ SF 71.90
(d) Bond Valor Swf ___ SF 93.75
(d) Bond Valor US-DOLLAR ___ $ 122.85
(d) Bond Valor D-mark ___ DM 99.87
(d) Bond Valor Yen ___ Y 9,992.00
(d) Bond Valor £ Sterling ___ £ 90.23
(d) Convert Valor Swf ___ SF 137.65
(d) Convert Valor US-DOLLR ___ $ 179.72
(w) Japan Fund ___ SF 114.60
(d) Japan Warrant Fund ___ $ 5.05
(w) Malacca Fund ___ $ 14.19
(w) Managed Trust ___ $ 16.240
(w) Manila Fund ___ $ 6.91
(d) New Zealand Fund ___ $ 6.215
(w) North American Fund ___ $ 27.880
(d) Oriental Ventures Trust. ___ $ 38.565
(w) Pacific Gold Fund ___ $ 10.64
(w) Pacific Trust ___ HK$ 19.15
(d) Pacific Warrant Trust ___ $ 6.790
(w) Precious Metals Trust ___ $ 7.995
(w) The Slam Fund ___ $ 20.42
(w) Sina. & Malay. Trust ___ $ 12.730
(d) Worldwide Growth Fund ___ $ 9.730
(d) CS Prime Bond 'A' ___ DM 90.91
(d) CS Prime Bond 'B' ___ DM 102.84
(d) CS Short-T. Bd DM A ___ DM 98.31
(d) CS Short-T. Bd DM B ___ DM 113.56
(d) CS Short-T. Bd $ A ___ $ 103.09
(d) CS Short-T. Bd $ B ___ $ 125.63
(d) CS Money Market Fund ___ $ 1053.82
(d) CS Money Market Fund ___ DM 1337.47
(d) CS Money Market Fund ___ £ 1,179.39
(d) CS Money Market Fd Yen ___ Y 124135.00
(d) CS Tiger Fund ___ $ 534.36
(d) INVESTMENT FFM
+(d) Commtrust ___ DM 42.98
+(d) Intl Rentenfond ___ DM 72.15
BBC TRUST CO.(JERSEY) LTD.
1-3 Seale St.,St. Helier 0534-36201
EBC AMRO TRADED CURRENCY FUND.
(d) Income ___ $ 14,821*
(d) Capital ___ $ 24,009
INTERNATIONAL INCOME FUND
(d) Short Term 'A' (Accum) ___ $ 0.6599
(d) Short Term 'A' (Distr) ___ $ 0.4287
(d) Short Term 'B' (Accum) ___ $ 1.1164
(d) Short Term 'B' (Distr) ___ $ 0.7257
(d) Long Term ___ $ 32.1717
ELDERS INTL. MGMT SRVCS
IBP PRISM ASSET MANAGEMENT
ELDERS SWITZ.(638) 25 17 55
(w) Elders Intl Bld SF ___ 89,250after SF 97.50
(w) Elders Aus Bld A$ ___ 90.000after A$ 86.00
EQUIFLEX LIMITED
(w) Europe A ___ FL 9.88
(w) North America A ___ FL 8.08
(w) U.K. Equities ___ £
(w) U.K. Small Co. ___ £ 5.84
EURO PACIFIC ADVISERS LTD.
(w) Meteore ___ Y 110,312.00
(w) Pacific Horizon Invt. Fd ___ $ 1,074.34
FIDELITY FUNDS 25,84 Peterhof L-1726 Lux 352 4748421? 0732 777277 0534 34944
MAJOR MARKET FUNDS.
(d) America ___ $ 9.936
(d) Europe ___ DM 2.775
(d) Japan ___ Y 166.4
(d) South East Asia ___ $ 1.007
COUNTRY SELECT FUNDS.
(d) Japan ___ $ 7.865
(d) France ___ FF 51.69
(d) Germany ___ DM 13.75
(d) Hong Kong ___ $ 10.45
(d) Iberia ___ Pts 1,071.08
(d) Italy ___ LIT 9,955.00
(d) Malaysia ___ $ 8.404
(d) Nordic ___ SKR 48.34
(d) Singapore ___ $ 10.53
(d) Thailand ___ $ 9.868
(d) United Kingdom ___ £ 0.505
BONDS FUNDS.
(d) European ___ ECU 9.700
(d) International ___ $ 0.959
(d) Yen ___ Y 1,497.00
FIDELITY INT'L INV.SERICES (LUX.)
(m) FID.Amer. Val.III Com. ___ $ 31.77
(m) Fid.Amr.ValIV ___ $ 74.87
(d) Fid.Amer. Assets ___ $ 118.53
(d) Fid.Australia Fund ___ $ 13.91
(d) Balanced Port.Hedged ___ $ 9.61
(d) Balanced Port.Hedged ___ $ 10.10
(d) Conv Securities Pfd ___ £ 8.83
(d) Discovery Fund Pfd ___ £ 13.25
(d) Dollar Selec Pfd Trust ___ $ 180.77
(d) Far East Fund ___ $ 78.66
(d) Frontier Fund ___ $ 18.74
(d) Global Inst Fund ___ $ 13.92
(d) Global Selection Fd ___ $ 12.44
(d) International Fund ___ $ 13.81
(d) Orient Fund ___ $ 108.94
(d) Pacific Fund ___ $ 148.49
(d) Special Growth Fd ___ $ 37.47
(d) World Fund ___ $ 58.95
(d) New Europe Fund ___ $ 16.36
FIDUPARTFUNDS (SVI) Ltd
(w) Portfolio (est.) ___ $ 1.128
FOKUS BANK A.S. 472 488 555
(w) Scandinavia Int'l growth fd ___ $ 1.47
GAMA CIRRUS FUNDS
(w) Gold Hedge! $ 119.97 Red ___ $ 119.45
(w) Gold Hedge!! $ 286.69 Red ___ $ 283.01
(w) Gold Hedge!!! $ 127.81 Red ___ $ 124.19
GARTMORE FUND MANAGERS INT.
45,La Motte Street,JERSEY 0534 27301
CAPITAL STRATEGY FD. LTD.
(d) American ___ $ 1.235
(d) Canadian fund ___ Cans 0.7091
(d) British ___ £ 2.710
(d) European Fund ___ DM 3.291
(d) Eastern European Fd ___ DM 4.513
(d) Asia Pacific Fd ___ $ 1.947
(d) Japan Fund ___ Y 614.1
(d) Australasian Fund ___ £ 0.3007
(d) Global Resources Fund ___ $ 0.7562
(d) Emerging Markets Fund ___ $ 1.034
(d) International growth ___ $ 2.496
(d) Sterling Bond ___ £ 1.007
(d) E.C.U. Bond Fund ___ ECU 0.9595
(d) International Bond ___ $ 1.242
(d) US$ Bond ___ $ 1.048
(d) Sterling Deposit ___ £ 1.024
(d) French Franc Deposit Fd ___ FF 10.61
(d) Sw. Fr. Deposit ___ SF 3.259
(d) Dollar Deposit ___ DM 3.223
(d) Yen Deposit ___ Y 221.5
(d) Austr.Dollar Dep. Fd ___ A$ 1.991
(d) Global Conv. Bond Fd ___ $ 17.66
GEPINOR FUNDS
London:071-4994171, Geneva:41-22355536
(w) East Investment Fund ___ $ 934.69
(w) Scottish World Fund ___ £ 178.0847
(w) State St. American ___ $ 262.42
GENERALE BANK
(see also Interselex Group)
(d) Rentinvest ___ $ 21.05
(d) Capital Rentinvest ___ $ 143.58
(d) Rentinbel Distr. ___ LF 9,850.00
(d) Rentinbel Cap. ___ LF 11,281.00
GAM ANLAGEFONDS AG.
POB 144, 8024 Zurich Tel.41-1-2518440
(d) GAM (CH) America ___ SF 1145.00
(d) GAM (CH) Europe ___ SF 78.00
(d) GAM (CH) Mondial ___ SF 1140.00
(d) GAM (CH) Pacific ___ SF 1600.00
GAM TRADITION ANGLEFONDS AG.
(d) GAM Tradition ___ SF 853.00
GENESEE FUND LTD , 24/10/90
(w) (B) Genesee Short ___ $ 116.92
(w) (C) Genesee Opportunity ___ $ 103.62
(w) (E) Genesee Balanced ___ $ 105.96
GLOBAL ASSET MANAGEMENT CORP.
11 Athol St.Douglas,I. of Man.44-624-24037
(w) GAM Arbitrage Inc. ___ $ 203.42
(w) GAMerica Inc. ___ $ 190.05
(w) GAM Australia Inc. ___ $ 134.44
(w) GAM Asean Inc. ___ $ 159.95
(w) GAM Bond Fund Inc U.S Ord. ___ $ 110.45
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(w) GAM Europe Fund ___ $ 90.18
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(w) GAM Franc-Val Inc. ___ SF 163.23
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(w) GAM High Yield Inc. ___ $ 79.59
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(w) GAM Mult-Mgr Fd Inc Alloc. ___ $ 105.66
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(w) GAM North America Fund ___ $ 98.67
(w) GAM Pacific Basin Fund ___ $ 123.41
(w) GAM Pacific Inc. ___ $ 108.61
(w) GAM Resist. Fd. Inc. ___ $ 115.80
(w) GAM Selection Inc. ___ $ 351.06
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International Herald Tribune A Special Report Friday, November 2, 1990

The Netherlands

Honest Burghers Sigh Over Virtues' Decline

By Peter Brusse

AMSTERDAM — Holland is a rich and prosperous country. The Dutch look healthy and they can expect to live a long life. But this autumn Prime Minister Ruud Lubbers said in a major speech that "Holland is a sick country."

Where on earth, I thought, would a successful and popular prime minister, who has ruled the country for seven years and could go on for ever, state so openly and solemnly that his people were ill? Wasn't he himself responsible for this state of affairs? Wasn't he himself to blame for the national disease?

He evoked no more than a small outcry as if proof that indeed the Dutch lacked health and energy to fight his words. Mr. Lubbers touched a sensitive cord. The Dutch are troubled. They seem to have lost a sense of direction and they do not know where to go. Their self-confidence was shaken when the national soccer team was unceremoniously kicked out of the World Championships in Italy last summer.

Europe is changing fast and 1992 is near. KLM is flying low and Philips is dimming its lights. Are we really the new sick man of Europe?

The prime minister spoke of an erosion of moral values, and one might have thought that he was referring to a sickening decline of our prosperity, crime, strikes and corruption and of a collapse of authority or the very fabric of society itself.

Nothing of the kind. Mr. Lubbers warned against the high number of people who feel unfit to work, the dropouts, petty crime and hooliganism.

Of course, it is very irritating to have one's bicycle stolen once a month, to fall over aggressive layabouts in the street, but compared to the problems of the world outside, it is small fry.

It is not in the nature of the Dutch to introduce harsh and authoritarian measures. We want moral persuasion, at home and abroad, because our history has taught us that our weakness is our strength. We are a small country surrounded by big powers. Due to our lack of political and physical strength, we want to reason. Aldous Huxley, on a visit, once called Holland "a haven to the rationalist."

Holland is a small and overorganized country with an often surrealistic inclination toward honest bourgeois coziness. We distrust drama, theater and passion; our cities lack big squares for parades and processions, and we don't honor our heroes.

The American historian Barbara Tuchman compared George Washington, "my example of the true hero," to "this earlier revolutionary hero, William the Silent of the Netherlands, who is supposed to have said at one time, it is not necessary to hope in order to persevere.

Continued on page 18

David Suter

Dutch Learn to Live With a German Giant

Trade Link Altering Hostile Attitudes

By Henry Tanner

AMSTERDAM — The Netherlands is feeling the impact of German reunification and the opening up of Eastern Europe more deeply than most other European countries.

For many Dutchmen, the sight of their giant neighbor getting even bigger and more dominant is a highly personal and emotional experience — for reasons of history, geography and an almost total economic dependence.

Early this year, when a sample of Dutch men and women were asked by a polling institute whether they liked the Germans, 56 percent of them said "yes." When they were asked whether they thought the Dutch liked the Germans, 54 percent of them answered "no."

Contradictory as it seemed, the verdict was an accurate reflection of Dutch attitudes, according to Dutchmen and foreigners.

"As a decent Dutchman, you must not like the Germans; this is a moral imperative and part of a collective national memory left by the war and the Nazi occupation, which was more brutal here than in other countries," a German diplomat in The Hague said.

But "awful as their experience was, the resentment that generations of Dutchmen have felt is waning, at least at the personal level," he said, because the mutual exposure has become so great that "there is virtually no Dutchman left who has not come to know us through business, travel or friends."

His point appeared to be borne out by a prominent young politician, a member of parliament, who said that until recently he had never traveled through Germany but took the long detour through France even when going to Switzerland or Austria. "I just couldn't face them," he said of the Germans, but added that he has changed his habits because he no longer has the same strong feelings.

Germany was the Netherlands' most important economic partner long before reunification. Now, as their enormous weight keeps growing within Europe, the influence of the Germans threatens to become overwhelming, according to some Dutchmen.

Almost 30 percent of Dutch exports went to West Germany before reunification. The figure for imports and exports combined was about 25 percent. The Netherlands is Germany's second biggest trading partner after France.

Known as the "gateway to Europe," the Netherlands is first of all a gateway to Germany. Rotterdam is "Germany's biggest port," handling more German trade than Hamburg.

Thousands of Dutch firms have prospered as transit agents, distributors, banks and other intermediaries involved in German trade. Many others are tied to the big German industrial concerns as manufacturers of component parts and in other specialized roles.

"We depend on them in all sorts of ways; we are their biggest vegetable garden and their largest flower bed," a journalist said. Dutch fishing fleets have their biggest outlet in Germany.

"We have become so much smaller because they are so much bigger now," a politician said about reunification.

The Dutch are praying for the success of West Germany's economic takeover of East Germany, he said. "We fret about German inflation and interest rates, to which we are tied. If their investment in the East pays off, we will benefit; if they fail, we will suffer even more than they."

But some see a possible windfall. They say that the Europeans most closely linked to the German economy — Swiss and Austrians as well as Dutch — are likely to benefit from German expansion.

A leading banker took an undramatic view. East Germany adds 10 percent to the gross national product of West Germany and one-third to its population, he said, "that is major but not overwhelming."

Dutch planners estimate that Dutch exports to Germany will grow by 2 percent as a result of reunification, in addition to the expected "normal" increase of 4 percent for West Germany alone.

Some of the additional exports will not go to East Germany but to West German markets where local industries, straining to export to the East, may not be able to meet demand.

The Netherlands is well placed geographically to take advantage of increased demand in northeastern Europe, but there are worries as well, including the fear that Hamburg will draw trade away from Rotterdam.

For Dutch financial experts, the most pressing question is how the Germans pay for unification.

"Bonn lost a golden opportunity a year ago" when it failed to make a realistic estimate of

Continued on page 18

Timmer's 'Shock' Cure May Be Last Chance for Philips

By Sara Henley

AMSTERDAM — A purge is president Jan Timmer's cure for Philips NV, the pioneering Dutch electronics concern that sank from grace after a forecasting blunder last May. When he announced 45,000 to 55,000 job cuts across the board last week, Mr. Timmer admitted how seriously overweight the inventor of the audio cassette and the compact disc has become.

The forecasting error by Cor van der Klugt, Mr. Timmer's predecessor, stunned markets and plunged the $27 billion concern into crisis. It was clear that the company had hobbled by half fuddled lines of communication to the highest level. Sniping about arrogant, blooted management in Eindhoven grew louder.

Philips shares today cost around 20 guilders (about $12), less than one-third of their net asset value.

"This is their last chance," said Eleanor Buss of London brokers Robert Fleming. "They have made so many mistakes in the past and they made a huge one in May."

Mr. Timmer launched a restructuring program immediately after taking over on July 1. The 9,400 job cuts involved at the time were only a beginning.

Last week's announcement broke sharply with the tradition of previous presidents who had taken a gradual approach to reorganization, and left management largely intact. By saying top management was not exempt, Mr. Timmer met Philips' fiercest critics head-on. By telling Philips' 285,000 staff that up to one in five might be out by the end of 1991, he forced them to shoulder a burden that shareholders had mainly carried in the past.

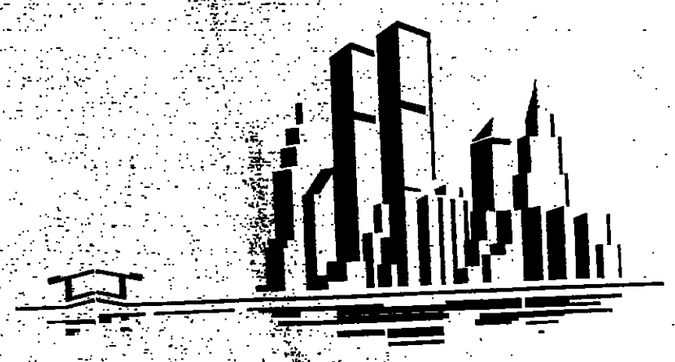
His "culture shock" involves getting staff to take direct personal responsibility rather than leaning on the buck-passing structure of multi-layered management. He took simple revenue per employee as the basic criterion of how many jobs must go. In 1989, each Philips worker was generating about $88,000, less than half the level in major Japanese concerns.

Assuming that next year's total revenue matches 1989's $26.9 billion, cuts of 55,000 staff would boost Philips' earnings by over 30 percent. Though slimmer, it would still be behind the competition.

This "critical self-examination" is sharpening truths once discreetly blurred. In a highly competitive climate, where the weak dollar and yen are knocking sales revenue and European rivals are increasingly forging allegiances to survive, Philips' potential tie-up with Italy's Olivetti foundered in June. Olivetti's Bruno Lamborghini reportedly said this was because "It wasn't clear what Philips wanted."

Philips has been slow to follow the trend to boil down its organization to core activities. In product development, it has tended to put technical innovation above marketing. The compact disc, a Philips' invention, was claimed by Japan's Sony because the Dutch group was slow in developing the market. And its 2000 video cassette, which had an excellent picture quality, failed because it was too costly.

SARA HENLEY is a journalist based in Amsterdam.



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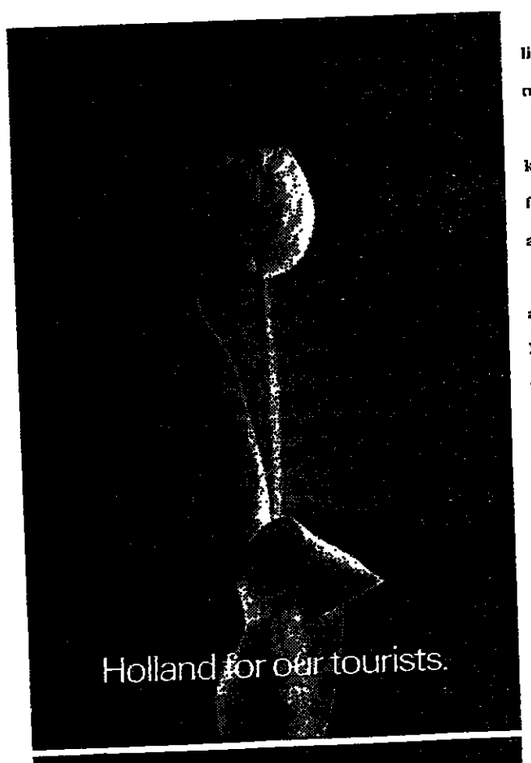

Tourists tend to think of Holland as that quaint little country by the sea. Famous for its brightly colored tulips, wooden shoes and cheese.

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Jumpy Market Handicaps Amsterdam Reform Effort

Special to the IHT

AMSTERDAM — Like other stock exchanges around the world, Amsterdam's has recently been languishing in the throes of a depressed, jumpy and bearish market after several years of bullish growth.

This has not helped the impact of the latest changes on the Amsterdam Stock Exchange around July 1, which are aimed at bolstering its competitive position and, in particular, at clawing back some of the huge chunk of Dutch state bond trading siphoned off by London. An estimated 80 percent of Dutch state bond trading takes place outside the exchange.

The changes include the abolition of the stock exchange tax, introducing late trading in a wider range of stocks from June 1, scrapping the fixed minimum commissions system and introducing an open order book for bond trading, as well as a monthly register of bond trading transactions between stock exchange members and foreign professionals.

Fixed seven-day settlement trials began earlier in the year in February. These moves are in line with recommendations by the Amsterdam Financial Center initiative group report in March 1989, aimed at creating a level playing field in which both the securities and derivatives markets are internationally competitive.

Scrapping the stock exchange tax marks an undisputed competitive improvement, reducing the cost of investing in securities. Andre Teeuw, general manager of Barclays in Amsterdam, says it has made trading procedures easier and has helped shift bond transactions back to Amsterdam, making for a more active Amsterdam Interprofessional Market System block trading here. Most important perhaps, he says, is that Amsterdam is now competitive with London in the most active state bonds.

The stock exchange spokesman, Hermann de Ranitz, says it is too early to measure the effects of the other measures, "and the bad market is a handicap in evaluation. The market's up and down like a yo-yo on every fresh rumor; this makes it very difficult, everything's under pressure."

But he says that London is now handicapped by its lack of a central market. "There's no reference price, which institutional investors need. Prices are made in Amsterdam," he adds.

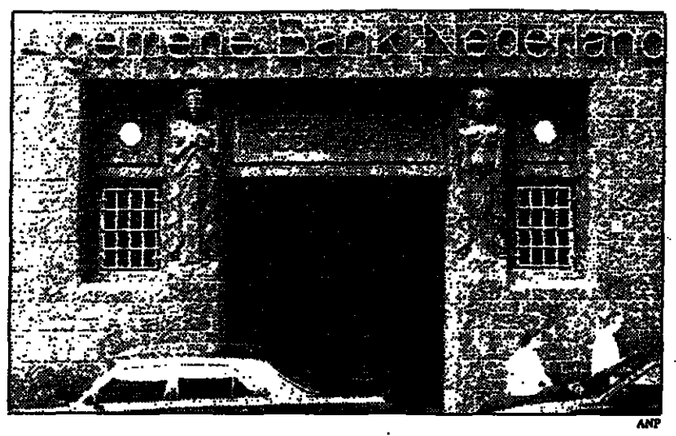
Not that Amsterdam has any pretensions of challenging the might of London. As Mr. De Ranitz says, "We have never denied that we are a relatively small market in absolute terms. But relative to the Netherlands' GNP, we are the second-largest European bourse after London. Our aim is to remove costs differences with London as far as possible, without damaging the retail market."

The exchange is pinning high hopes on its coupling of the new open order book dealers market (quote-driven) system with the existing auction market (order-driven) system on which its HOS Trade Support System is based. It says the unique feature is that price-fixing (at the level at which the greatest volume of transactions can be generated) in the auction market is coupled with price-fixing in the open order book market through the dual role played by the *hoekman* (market specialist).

Although this caused some controversy among bourse members unhappy about the hoekman's dual role, Mr. De Ranitz insists that "bourses everywhere are looking at how we link the wholesale and retail markets to ensure the retail client doesn't fall between two stools —against the trend everywhere toward serving only the wholesale market."

The stockbroker Nora Coers of Theodore Gillissen reports gloomily on the changed market: "Less investment in Dutch stocks, down 30 percent compared with last year; less business generated, and commissions are down too. Our bond dealer complains that there's no more business than before, and says the changes have harmed the institutional side and only benefited the retail clients. But jobbers [hoekmen] have benefited. They've become more expensive."

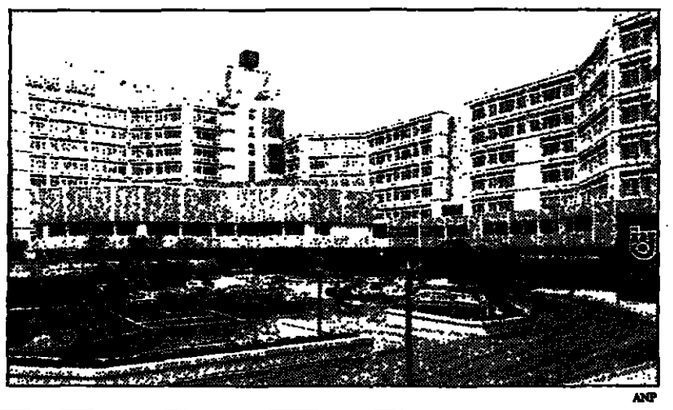
Bert Sterk, an account manager for institutional investors at Pierson, Heldring & Pierson, says circumstances are not likely to improve in the next few months, especially while markets are dealing with the Gulf crisis.



ANP

A Milestone in Dutch Banking

The Netherlands' leading banks, Algemene Bank Nederland and Amro, merged last July, creating a bank with about 400 million guilders in assets and moving into seventh place among global players. The new bank's assets are not far behind Deutsche Bank, Germany's biggest. The merger is the most important in a series of new alliances as Dutch banking readies for post-1992 European integration.



ANP

Sigh for Virtues' Decline

Continued from page 17

That is a wonderful sentiment, it seems to me. William the Silent succeeded, too, although that revolt took 80 years. This little swamp-bound people on the edge of Europe who had really nothing but the land they had created themselves, lifting it out of its bogs — this group maintained for 80 years against the most powerful empire of Europe at that period. Extraordinary story, the history of the Dutch."

But we ourselves don't know about that and we are not really interested. Teaching of history in our schools is minimal. There is that all-prevailing expression: "Behave unobtrusively. It is already too extravagant."

Grandeur and glory are not to be found in our vocabulary. In our paintings and books we prefer the intimate and industrious life of ordinary people. Ordinary is not lower or working class, but the average burgher, the heart and mind of the nation.

"The Dutch definition of averageness is not the wise middle course of the golden mean but more the obsession to crush everything that falls outside acceptable standards, the rejection of any form of adventure, including of the spirit," says the Portuguese scholar Rentes de Carvalho, who has been living in Holland for many years.

"Whether we like it or not, we are all bourgeois," wrote the historian Johan Huizinga, author of "The Waning of the Middle Ages." And this meant, according to Huizinga: "Honesty, a scant receptiveness for rhetoric, an immunity to political extremes and an abhorrence of national self-glorification that goes hand in hand with a certain urge for national self-abnegation."

These bourgeois virtues, dear to Mr. Lubbers's heart, are getting sloppy and so endanger Dutch identity. Bourgeois society, shaped by our Calvinistic principles, made us a sane country in an insane world. We want to be seen as quiet, friendly and reliable. Our Calvinistic principles gave us that ideal combination of the merchant with the Bible in one hand and the purse in the other. "And let not the one hand know what the other does."

A good British friend of mine once remarked: "You Dutch are like ducks on a pond, quiet and discreet, but underneath paddling like mad." I haven't heard a better definition yet.

Mr. Lubbers, who has been running that sick country of ours as a trading company, sees too much featherbedding. Yes, even our teachers and judges have gone soft. Not very dramatic, but somehow the balance went wrong. The Bible as shield and inspirator for our wheeling and dealing had worn thin. Complacency was taking over and that is bad for business. We are losing our image as the solid and unobtrusive bourgeois-merchant.

We have to become Dutch again, like the ducks on the pond or, for that matter, like our most influential thinker, the Renaissance humanist and author of "In Praise of Folly," Erasmus of Rotterdam. He arguably was the first European and never spoke Dutch. Only on his deathbed he did speak his mother tongue; his last words were: "Lieve God" (Dear God), giving away that long-held secret that, after all, God is a Dutchman — something even the sensible Dutch tend to forget.

PETER BRIJSSE is deputy editor in chief of the Dutch weekly Elsevier.

Life With a German Giant

Continued from page 17

the cost of unification and did not appeal to the German public for a national effort, a banker said. Something like a solidarity tax would have been politically feasible at that time; now it is too late, he thinks.

"Now we have a read-my-lips situation in Bonn," he said. He is afraid that the Germans will resort to a massive increase in their deficit and, inevitably, like the United States in the past, will "export" it to their neighbors.

Dutch interest rates have climbed from 7.8 to 9.1 percent since last December in reaction to an even steeper rise in Germany.

The Dutch are feeling Germany's increasing weight politically as well — in Europe, on East-West issues and bilaterally. More than ever they are looking to the European Community as the institutional framework into which the new Germany must be tied.

European integration is "an absolute priority," for the Netherlands, more so than for anyone else, an official said.

The Netherlands is strongly opposed to the admission of new members to the Europe of the Twelve. "There is momentum in the Community now and it must not be broken," he said, arguing that the problems of admitting new members could only distract and slow down the Community.

Dutch newspapers and television have been covering the last year's events in Germany "more extensively than any other European country," according to a longtime German resident, who said that the coverage has been "amazingly objective" compared with most Dutch reporting on Germany even a few years ago.

If deep-seated anti-German feelings linger so stubbornly, he said, it is because "two bad dreams come to the average Dutchman's mind whenever he thinks of us — our size and power, and the occupation and its consequences."

The invading German Army put a brutal end to 130 years of Dutch neutrality in 1940, he said; and when the humiliation of the occupation ended, the Dutch found themselves in a new world: "They had lost their empire and their world dominion and became a small country in a changing Europe — naturally, they blame us."

The Dutch see themselves as consistently good Europeans, but concede that they have always had their backs turned to Europe and looked out toward England and the Atlantic. "Have you noticed how many of us wear dark-blue blazers and regimental ties?" asked a Dutchman wearing a dark-blue blazer.

HENRY TANNER is on the staff of the International Herald Tribune.

Weak Dollar Aids Growth of Dutch Investments in U.S.

By Mark Fuller

AMSTERDAM — Barely the size of the state of Maryland, the Netherlands is one of the largest direct investors in the United States, ranking third behind Britain and Japan. Total cumulative direct investment by Dutch companies there surged to $60.5 billion in 1989 from $49 billion in 1988, according to the U.S. Commerce Department. The growth continued in the first half of this year, according to the Nederlandsche Bank, the Dutch central bank.

Dutch companies have been eager to take advantage of the weak dollar, reduced stock prices, comparatively low U.S. interest rates and a decline in the U.S. corporate tax rate.

The Dutch "Big Four" — Philips, Shell, Unilever and Akzo — traditionally are the country's largest investors in the United States. But their relative importance has diminished as the share of production industries in direct foreign investment has fallen from 90 percent of the national total in the early 1970s to 65 percent, with the share of services industries growing, according to Dutch banking officials.

The biggest growth has been in the insurance sector with investment in the United States rising from $1.9 billion to $5.3 billion in the last five years. The top two insurance companies, Nationale Nederlanden and Aegon, have been expanding aggressively.

Nationale Nederlanden's U.S. operations go back over 100 years, but its activity there took off in 1974 when it acquired a 50 percent stake in Pearless Insurance Co. Since then, the concern has bought virtually one American company every year, with total investment now at $1.7 billion. Earlier this year, it acquired a 22 percent interest in AIM, a mutual fund management company.

Aegon's U.S. business has grown even more rapidly. Starting in 1979 with a stake in Life Investors of Iowa, it has built up a group of nine insurance companies under the control of Aegon USA, which now generates 32 percent of Aegon's pretax profit and accounts for $2.8 billion of the company's total revenue of $7 billion.

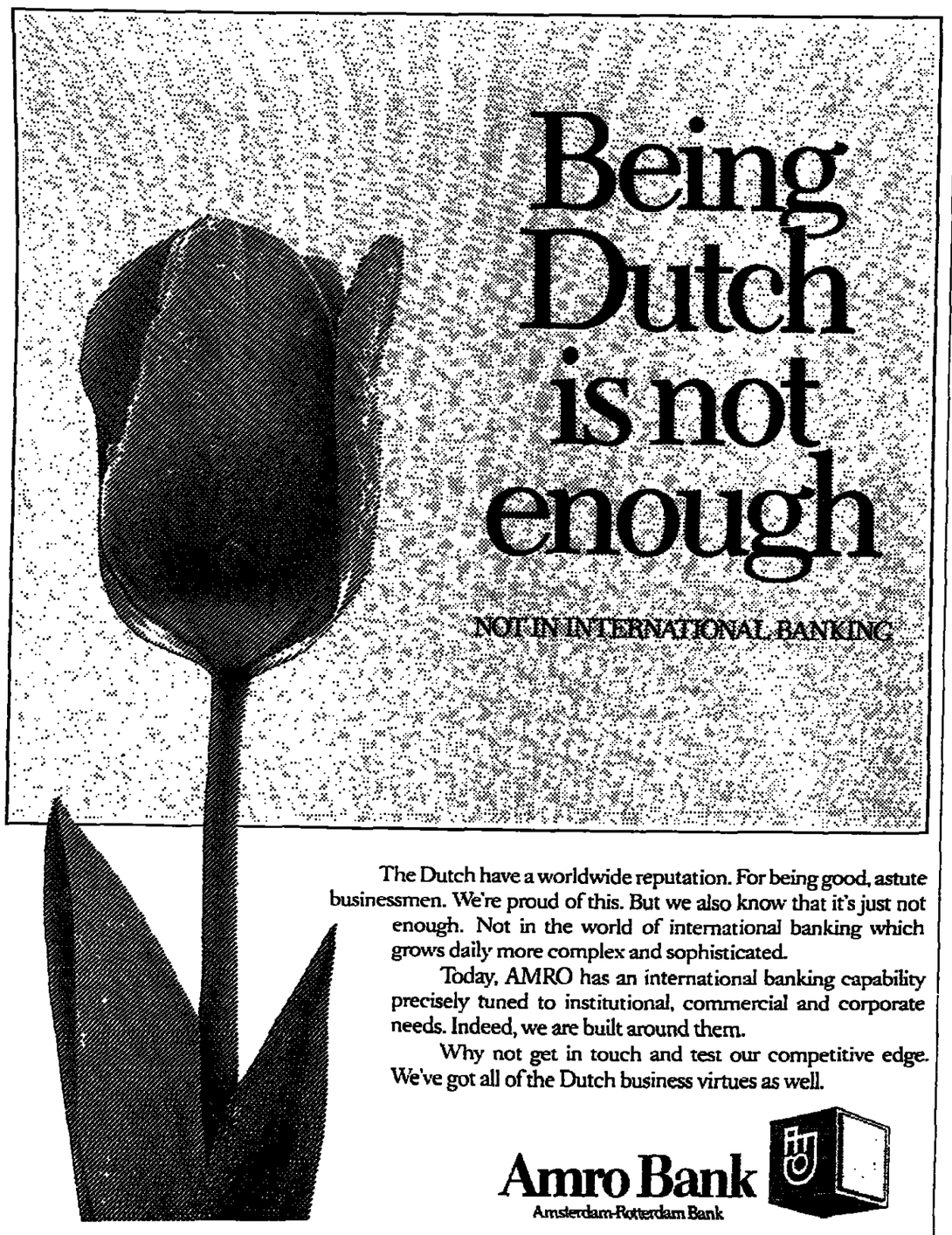
"The United States is a buyer's market, prices are low and there are many attractive opportunities to make acquisitions, especially in the savings and loans industry," says Leon Berndsen, a member of the Aegon board.

Dutch investments in the retail sector have also shown a spurt. Ahold, which operates the biggest Dutch supermarket chain, Albert Heijn, began investing in the United States in 1977 when it gained control of South Carolina's Bi-LO supermarket chain. It has since bought Giant Food stores in Pennsylvania and taken an 85 percent stake in First National Supermarkets of Ohio. Ahold's U.S. sales of $4.3 billion accounted for nearly half the group's total in 1989.

ABP, the Netherlands' largest pension fund with assets of 150 billion, is one of the newcomers. It spent 340 million on stakes in two prestigious office blocks last year and plans further investments this year.

Dutch investment in the United States has evolved over three centuries. After World War II, Dutch investors expanded into mining, food, chemicals, metals, machinery and financial services.

MARK FULLER is a journalist based in Amsterdam.



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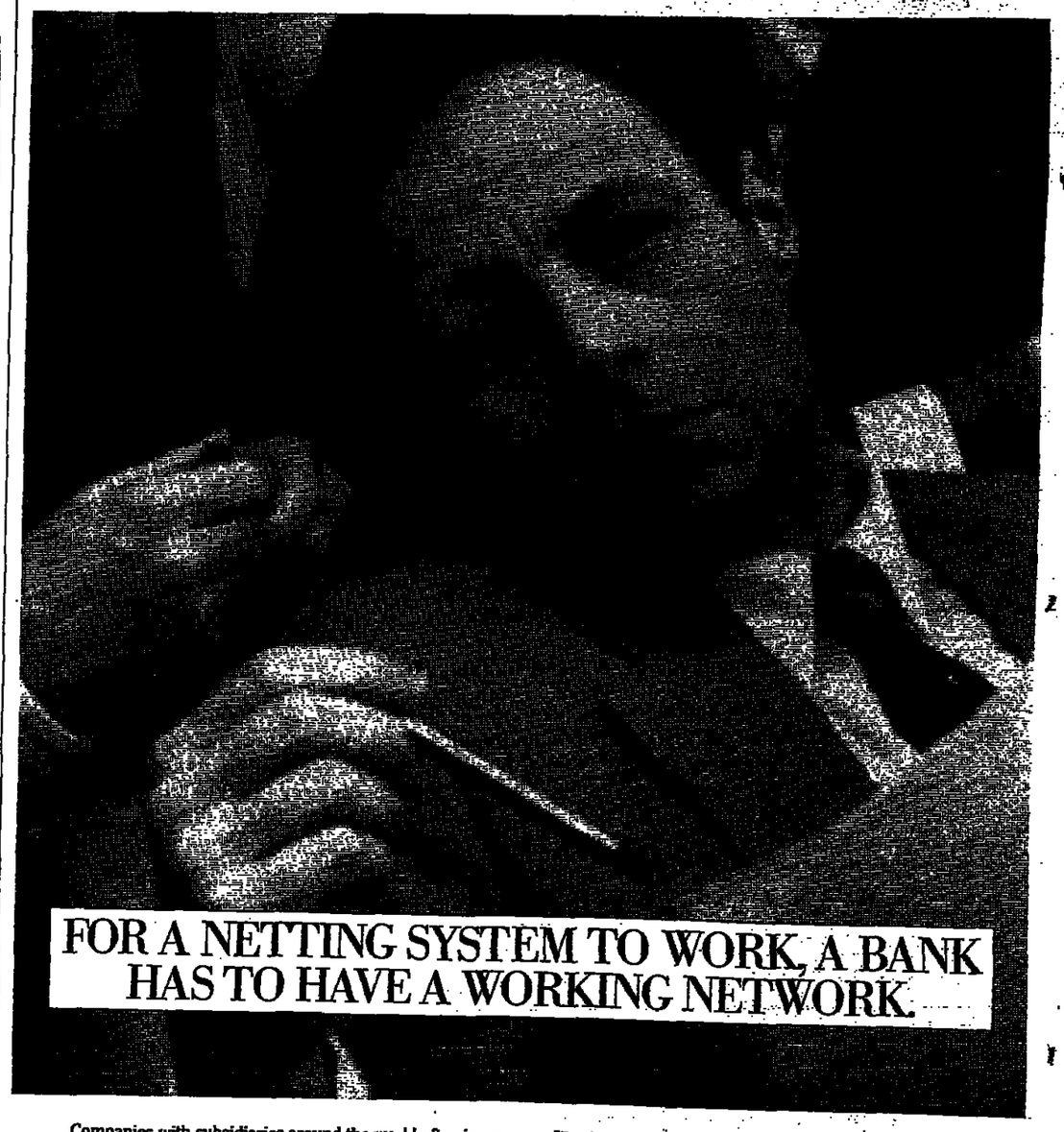

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The Netherlands / A Special Report

The Cobbled Coalition Proves a Solid Success

'Social Solidarity' Tempers Austerity

By Henry Tanner

THE HAGUE — One year after it was laboriously cobbled together, the left-of-center coalition of Prime Minister Ruud Lubbers's Christian Democrats with the Labor Party is still solid and regarded as a success by most of its members if not necessarily the whole country.

The two rival parties and their leaders have learned to cooperate, according to both sides. Mr. Lubbers, says a leading Labor politician, is accepted as the "kingpin" of the coalition.

Wim Kok, the Labor party leader who gambled his political future on his ability to succeed in the cabinet's most difficult job — as a finance minister trying to balance fiscal rigor with social justice — has been getting favorable notices as a realist and "fiscal moderate" from his coalition partners and some in the conservative opposition.

He has corrected his party's reputation as a lavish public spender and has begun to give it once more the image of a responsible government party, which it had all but lost during 12 years in the opposition.

But Labor has paid a high price for its newfound respectability.

Its candidates, far from being rewarded by the electorate, got massacred in the countrywide municipal elections last March.

"People didn't vote for us, they stayed home," said Jacques Wallage, a Labor member of the Staten Generaal, or parliament, who is deputy minister of education. "We lost a third of our local seats and now we have 500 people telling us, 'See what you have done to us'?" Labor rank-and-file is in a deep emotional crisis, according to another politician.

Participation was a 61.5 percent, a miserable figure in this civic-minded country. Labor hopes to do better in next year's regional elections, but some of its officials predict an uphill battle even for the next national election in 1994.

When it replaced the conservative Liberals in Mr. Lubbers's coalition a year ago, Labor agreed to continue the austerity policy that the prime minister had pursued for eight years but insisted that it should be tempered by greater "social solidarity" and a "reconciliation with the poor."

The two new partners agreed that the generous Dutch welfare state, though continued, would not be further expanded but made subject to greater fiscal discipline — enter Mr. Kok as finance minister and deputy prime minister.

One of Labor's demands was to do away, or at least reduce, the widening gap between stagnating public sector wages and social security benefits on the one hand and increasing private sector salaries on the other.

The task is vastly complex, as both coalition parties concede. The country has a huge deficit that must be brought under control. And the welfare system has been so burdened with extravagant expenditures for dubious purposes that many of its aspects must be re-examined. The most frequently cited example are the so-called "disability lists" made up by more than 800,000 persons who claim permanent disability and receive 80 percent of a salary, often lifelong, without being disabled in any real sense.

The lists are still growing. They are one reason why 3.4 million Dutch people, including pensioners, unemployed and genuinely disabled, received an income without working in 1989 while only 4.5 million worked.

The coalition, thus, is faced with the need to cut down on some welfare costs while at the same time providing more money for the bona-fide recipients of social security who have been left behind by the system.

Labor says that it suffers more than its coalition partner from the fact that increased social expenditures in some sectors must be counterbalanced by cuts in others.

Even though the party was punished by the voters in March, Labor officials say that a good beginning toward more social justice has been made during the year as public sector wages and social security now are linked to the minimum wage in private industry.

But "50 extra guilders [about $30] in the Christmas check from social security is far short of what the poor had hoped for; people don't feel the winds of change yet," said Mr. Wallage.

"The cabinet has no real theme," said another politician, "everybody talks about 'social renewal' and decentralization and about the need to give new life to the cities and towns but nobody knows what this means in practice."

Last month's budget debate, the parliament's annual review of general government policy, reflected many of these issues but, as usual, dealt more with detail than sweeping concept or bold innovation.

Mr. Lubbers, in an unusually dark mood earlier, had declared: "We must acknowledge that Holland is a sick country." He cited the disability lists and other basic social problems.

A parliamentary correspondent in The Hague said that Mr. Lubbers had wanted to send a warning signal to his countrymen and set the tone for a more probing national debate.

Reflecting this mood, many Dutchmen admit to a feeling of drift and to a growing suspicion that all is not perfect in a country which is still envied by most others as a hugely prosperous, enlightened and civic-minded little paradise.

ANP

The two leaders, Wim Kok and Ruud Lubbers, are learning to cooperate.

Testy 'Sisterhood' Strains Dutch-Flemish Relations

By Geert Mak

AMSTERDAM — For centuries the Dutch and the Dutch-speaking Belgians, the Flemish, have had a peculiar love-hate relationship. Historically, the Flemish have had a great influence on Holland. In the early 17th century, the predominant language in wealthy, expanding Amsterdam was not Dutch but the broad Flemish dialect of Antwerp.

Violent repression by the Spanish Inquisition at that time prompted tens of thousands of Flemish merchants, artists and artisans to flee north. So while Holland developed into a full-fledged independent state, free and mighty Flanders was until 1830 a conquered province ruled by successive foreign powers, including for 15 years by the Dutch.

History still shapes the relationship. The Dutch, in their cafés, tell jokes about Belgian naiveté and gullibility, but every Dutchman at the same time feels a pang of jealousy for the much more melodious Flemish language. Belgian writers, painters and theatre groups are increasingly successful in Amsterdam.

The Flemish make fun of Dutch avarice and arrogance — not to mention the guttural Dutch "g" — but their expectations of "big sister" Holland nevertheless remain high.

So their shock was great last April when the Dutch culture minister, Hedy d'Ancona, in a speech read in Brussels, denied that the Netherlands and Flanders belonged to a single cultural entity. "Unity of language does not necessarily imply unity of culture," she said. The speech was read to a meeting of the General Dutch Congress, an organization of 200 Dutch and Flemish cultural and scientific associations, by one of her aides. The place — Brussels — the audience and the fact that she had not delivered the statement in person were seen as adding insult to injury.

The Flemish were up in arms. "The Hague's attitude toward the Flemish is denigrating and insulting," said Patrick Dewael, culture minister of the Flemish regional government, and similar criticism came from newspapers and other Flemish institutions.

But the question remains whether Mrs. d'Ancona was completely wrong.

Little is left today of the border between the Netherlands and Belgium, except in a few places a very old, man-sized, cast-iron border pole standing like an upraised finger in the flat landscape as the cars roar past. The Europe of open borders has been a reality here for decades.

But it is still clear that a border exists. The houses and the streets, the police and the customs officers, look different, and the Flemish landscape has little in common with well-raked, orderly Holland. Even to the superficial spectator, Flanders is part of another country.

But there is a second invisible border a few dozen miles to the south that is at least as important. It is a border that runs through Belgium, from east to west, and divides villages and cities and sometimes nearly identical houses that stand less than a hundred yards apart.

Here the only difference is that in one house the people speak Dutch and in the other French. In one house they have no idea of what happens in the Netherlands. In the other, they watch Dutch television, read Dutch magazines and follow Dutch culture.

To the Flemish, this second border is much more than a language barrier. It is the demarcation line between the culture of southern Europe and that of the Lowlands.

The Dutch, many Flemish often complain, hardly seem to realize this. The Dutch regard Flanders as a sort of doormat on the border to France, says Jeroen Brouwers, a Dutch writer

> For the Flemish, their expectations of "big sister" Holland nevertheless remain high.

who lived in Flanders for many years. "The Dutch are much more interested in Germany and France. The Flemish have not only had to struggle against the French-speaking Walloons [in the other part of Belgium] but also against [the indifference of] their 'kindred' Dutch neighbors."

The Flemish, who had to struggle for generations to gain the right to speak their own language in their own country, complain that many Dutchmen still do not realize how strongly the language issue continues to dominate Belgium's cultural, social, political and economic life. And while the French and the French-speaking Walloons see each other as potential allies, many Flemish still believe that the Dutch remain indifferent to their fate.

No wonder then that Mrs. d'Ancona's remarks provoked such a heated debate. Some Dutchmen argue that the attitudes of their countrymen are not based on contempt or lack of interest but on the typically Dutch tendency to underestimate their own culture.

This cultural mini-war was eased in September when, in a new speech in Brussels, Mrs. d'Ancona recognized that Flanders and the Netherlands do have a common culture even though each had developed its own variant over the centuries.

"In Flanders, cultural policy was an instrument in the linguistic struggle for the social, political and cultural emancipation of a people and a future nation" she said, adding that this was never the case in the Netherlands. She conceded that the Dutch cultural elite has often been unimaginative and scornful in its reactions to Flemish aspirations.

With European unification around the corner, the Netherlands and Flanders must improve their cooperation quickly, she said. "Now the Dutch feel the hot breath of powerful cultures on their neck, too."

The applause — and laughter — in Brussels was thunderous. For now, the half-sisters have made peace again.

GEERT MAK is a Dutch journalist in Amsterdam.

Government Seeks a New Consensus on Environment

By Sara Henley

AMSTERDAM — "Our tulips don't all come from Amsterdam anymore," said Bert Oggel, spokesman for the Dutch farmers' association: "Profitability is so threatened by restrictions on chemical use that some growers are planting the bulbs in France."

"Dutch farmers must be record holders in poisoning it all," remarked Theo Wams, an official of Friends of the Earth. "We have over 100,000 hectares [247,104 acres] of phosphate-saturated soil. That means poisoned groundwater and ruined earth. They are destroying their means of production."

Agriculture is caught in a conflict between short- and long-term aspects of Dutch environmental policy. The government has asked farmers to respond this fall to government proposals to cut pesticide use by up to 70 percent by the year 2000.

It is now about one-and-a-half years since the government published the European Community's first comprehensive National Environment Policy Plan but then collapsed in a dispute over how to pay for the scheme. The present coalition is seeking a new consensus to maintain the momentum.

The scale of the Dutch problem demands a radical approach.

With as many pigs as people and more cars per head of the population than any country in the world, "the Netherlands is exposed to the strongest environmental pressures per square kilometer in the OECD area," according to a recent report by the Organization for Economic Cooperation and Development. "Economic development is . . . increasingly seen as becoming unsustainable unless current environmental trends . . . are arrested or even reversed," the report said.

This year, the government had to shut four waste-incinerating plants because they were emitting the lethal poison dioxin. Traces of dioxin were seeping into milk, which the Dutch regard as the essence of a healthy diet.

Broadly, government plans aim to cut pollution in water, air and soil by between 70 and 90 percent by 2010. Emissions of carbon dioxide — a prime agent in global warming — are to be cut by between 3 and 5 percent by 2000. The use of ozone-destroying chlorofluorocarbons, known as CFCs, is to be banned from 1994, four years ahead of the rest of Europe.

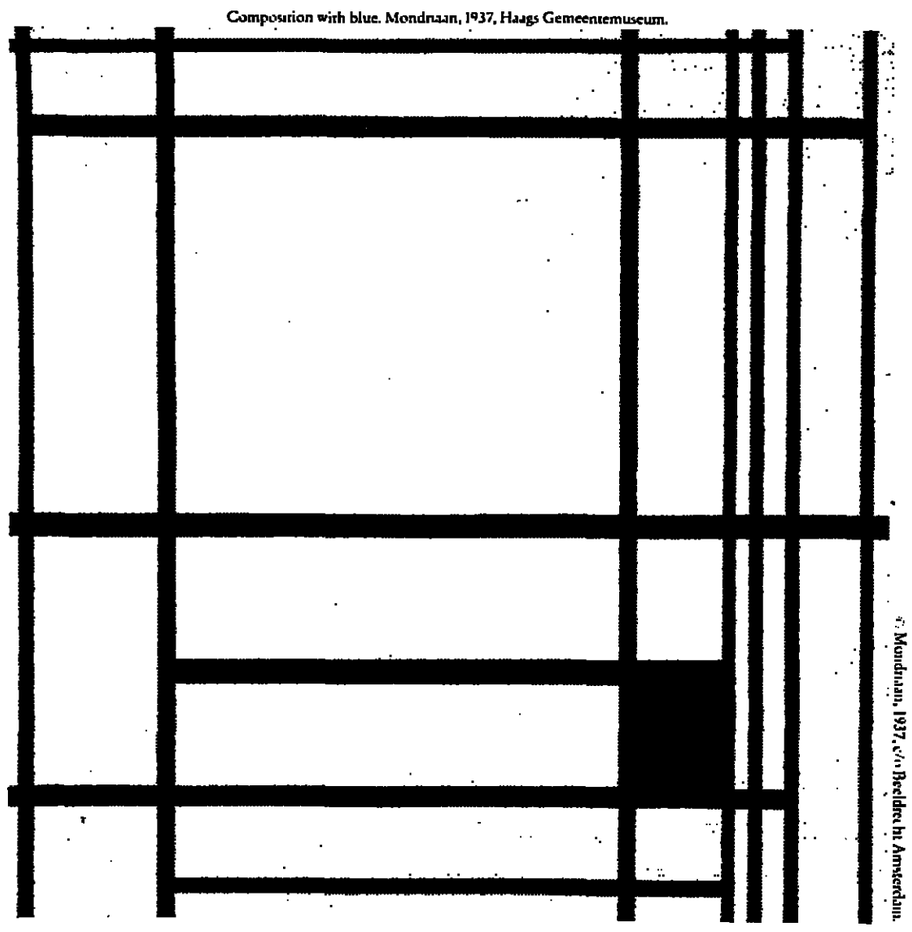
POPULAR domestic support for the plan is high. A 1989 survey of 2,500 people in the Netherlands showed respondents were prepared to spend an extra 43 guilders ($26) per household monthly on the proposed environmental improvements.

Greenpeace Netherlands has seen its donors more than double to 770,000 since 1987, and Friends of the Earth expects membership to double again from 28,000 this year.

When the first plan was published, it attracted considerable international attention. France, Denmark, Sweden, Canada and Britain have since followed with comparable documents. But the Dutch plan is still "the crispest and most progressive because it talks about serious money, which, for example, the British are evasive about," according to David Owen, environmental analyst at Paribas Capital Markets in London.

But Jan Bylsma, toxics specialist at Greenpeace Netherlands, is skeptical. "We have to see how much gets into actual policy," he said.

And environmentalists note that there are signs that the task of reconciling a progressive policy with short-term commercial interests is producing compromises. A scheduled increase in "green" duty on diesel was scrapped last month after fuel prices soared following the Gulf crisis.



What does this Dutch artist share with Rabobank? Clarity, strength and vision.

Mondriaan's paintings are characterised by clear lines, and strong use of form and colour, based on very definite views on his art. Similarly, Rabobank has carefully developed its own vision of banking. As Dutch industry grew, so did Rabobank; building up a network of 2,200 offices to become the largest domestic bank. With one third of all Dutch companies doing business with Rabobank. Today, with total assets of US$ 90 billion, Rabobank is one of the top 50 banks in the world, with offices in major financial centres and ports around the globe. If you are thinking of doing business with the Netherlands, contact Rabobank. You'll find that our clarity is our strength.

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SPORTS

Blazers Could Topple Lakers' Dynasty

New York Times Service

WESTERN CONFERENCE
Midwest Division
San Antonio Spurs

Quick Recap — 56-26 last season, lost to Portland in second round of playoffs.

New Faces: David Greenwood (free agent from Detroit), Paul Pressey (in trade from Milwaukee), Dwayne Schintzius (24th pick).

Top Guns: David Robinson (24.3 points, 12 rebounds, 3.8 blocks), Terry Cummings (22.4 points), Willie Anderson (15.7 points), Pressey (11 points).

Game Plan: Robinson should only get better.

NBA PREVIEW

Depth is the biggest question mark, but Pressey should help in that department. This team has enough talent to win a championship if it shows the maturity to withstand playoff pressure.

Utah Jazz

Quick Recap: 55-27, lost to Phoenix in first round of playoffs.

New Faces: Jeff Malone (in trade from Washington).

Top Guns: Karl Malone (31 points, 56.2 percent field-goal average, 11.1 rebounds), Jeff Malone (24.3 points), John Stockton (17.2 points, 14.5 assists, 2.6 steals), Mark Eaton (2.4 blocks).

Game Plan: Jeff Malone, one of the game's best outside shooters, will give the Jazz more diversity, but Utah still lacks a strong bench.

Dallas Mavericks

Quick Recap: 47-35, lost to Portland in first round of playoffs.

New Faces: Alex English (free agent from Denver), Fat Lever (trade from Denver), Rodney McCray (trade from Sacramento).

Top Guns: Rolando Blackman (19.4 points), Lever (18.3 points, 2.1 steals, 41 percent on three-pointers), Derek Harper (18 points, 2.2 steals), English (17.9 points).

Game Plan: No team helped itself more during the off-season. Lever, English and McCray will benefit from joining a better team.

Houston Rockets

Quick Recap: 41-41, lost to Los Angeles Lakers in first round of playoffs.

New Faces: Dave Jamerson (15th pick), Roy Marble (in trade from Atlanta), Kenny Smith (in trade from Atlanta).

Top Guns: Akeem Olajuwon (24.3 points, 2.1 steals, 14 rebounds, 4.5 blocks), Otis Thorpe (17.1 points, 54.8 percent of field goals), Buck Johnson (14.8 points).

Game Plan: Olajuwon is one of the game's great players, but his career is being wasted on an average team. He may carry Houston to the playoffs, but he is unlikely to take them much further.

Denver Nuggets

Quick Recap: 43-39, lost to San Antonio in first round of playoffs.

New Faces: Chris Jackson (third pick), Paul Westhead (coach, from Loyola Marymount), Orlando Woolridge (in trade from Los Angeles Lakers).

Top Guns: Walter Davis (17.5 points, 91.2 percent free-throw average), Michael Adams (15.5 points).

Game Plan: Westhead hopes his high-octane offense camouflages a lack of depth. Denver traded away its top two scorers, which puts more pressure on Jackson.

Minnesota Timberwolves

Quick Recap: 22-60, failed to make playoffs.

New Faces: Scott Brooks (in trade from Philadelphia), Gerald Glass (20th pick), Felton Spencer (sixth pick).

Top Guns: Tony Campbell (23.2 points), Tyrone Corbin (14.7 points, 2.1 steals).

Game Plan: The best of the four expansion teams. If Glass and Spencer have solid rookie seasons, the 30-victory mark is within reach.

Orlando Magic

Quick Recap: 18-64, failed to make playoffs.

New Faces: Greg Kite (free agent from Sacramento), Dennis Scott (fourth pick).

Top Guns: Terry Catledge (19.4 points), Otis Smith (13.5 points).

Game Plan: Orlando lacks two essentials for winning teams: defense and a quality center.

Akeem Olajuwon is one of the game's great players, but his career is being wasted on an average team in Houston.

No team in the league surrendered more points last season.

Pacific Division
Portland Trail Blazers

Quick Recap: 59-23, lost to Detroit in league championship series.

New Faces: Alaa Abdelnaby (25th pick), Danny Ainge (in trade from Sacramento).

Top Guns: Clyde Drexler (23.3 points), Ainge (17.9 points), Terry Porter (17.6 points, 89.2 percent of free throws, 9.1 assists), Kevin Duckworth (16.2 points), Jerome Kersey (16 points), Buck Williams (54.8 percent of field goals, 9.8 rebounds), Drazen Petrovic (45.9 percent on three-pointers).

Game Plan: The Blazers were the league's best rebounding team; they have the versatility to be effective playing either up-tempo or half-court, and adding Ainge gives Portland a three-guard rotation that rivals Detroit's. A serious threat to end the Lakers' 11-year reign as division champion.

Los Angeles Lakers

Quick Recap: 63-19, lost to Phoenix in second round of playoffs.

New Faces: Mike Dunleavy (coach, a former Milwaukee assistant), Sam Perkins (free agent from Dallas), Terry Teagle (in trade from Golden State).

Top Guns: Magic Johnson (22.3 points, 89 percent of free throws, 11.5 assists), James Worthy (21.1 points, 54.8 percent of field goals), Teagle (16.1 points), Perkins (15.9 points), Byron Scott (15.5 points, 42.3 percent on 3-pointers).

Game Plan: Dunleavy wants the Lakers to run more than last season, and they still have the legs to do it. If his defense improves, Vlade Divac will start at center. Scott is 100 percent again, and Johnson still has tricks up his sleeve. The team of the '80s remains a championship contender in the '90s.

Phoenix Suns

Quick Recap: 54-28, lost to Portland in Western Conference finals.

New Faces: Ed Nealy (free agent from Chicago).

Top Guns: Tom Chambers (27.2 points), Kevin Johnson (22.5 points, 11.4 assists), Jeff Hornacek (17.6 points), Eddie Johnson (16.9 points, 91.7 percent of free throws), Mark West (62.5 percent of field goals, 2.2 blocks).

Game Plan: Their talent virtually guarantees another 50-victory season, but whether they are tough enough to reach the league finals remains to be seen.

Los Angeles Clippers

Quick Recap: 30-52, failed to make playoffs.

New Faces: Bo Kimble (eighth pick), Mike Schuler (coach, a former Portland coach), Loy Vaught (13th pick).

Top Guns: Ron Harper (22.8 points), Charles Smith (21.1 points), Danny Manning (16.3 points), Gary Grant (10 assists).

Game Plan: Harper is not scheduled to return from knee surgery until January, but Grant has recovered from his broken leg. If they stay healthy, the Clippers have too much talent not to make a strong run at the playoffs.

Seattle SuperSonics

Quick Recap: 41-41, failed to make playoffs.

New Faces: K.C. Jones (coach, a former Celtic coach by way of Seattle front office), Gary Payton (second pick).

Top Guns: Dale Ellis (23.5 points), Xavier McDaniel (21.3 points).

Game Plan: It won't take Jones long to realize he is not coaching Boston anymore. Seattle lacks an effective center; it is a poor passing team, and the bench is unproven.

Golden State Warriors

Quick Recap: 37-45, failed to make playoffs.

New Faces: Tyrone Hill (11th pick).

Top Guns: Chris Mullin (25.1 points, 88.9 percent of free throws), Mitch Richmond (22.1 points), Tim Hardaway, (14.1 points, 8.7 assists, two steals).

Game Plan: Golden State led the league in scoring, so offense is not a problem. But this division may be the league's best, meaning the Warriors will struggle just to make the playoffs.

Sacramento Kings

Quick Recap: 23-59, failed to make playoffs.

New Faces: Duane Causwell (18th pick), Bobby Hansen (in trade from Utah), Byron Irvin (in trade from Portland), Eric Leckner (in trade from Utah), Travis Mays (14th pick), Lionel Simmons (seventh pick), Rory Sparrow (in trade from Miami), Bill Wennington (in trade from Dallas).

Top Guns: Wayman Tisdale (22.3 points), Antoine Carr (12.3 points).

Game Plan: After seven consecutive losing seasons, the Kings didn't just clean house; they built a new one. With so many new players, their coach, Dick Motta, faces the stiff challenge of molding them into winning a unit.

The Associated Press

Pelé at 50: The Touch Is Still Magic, but Brazil Falters

Pelé, the legendary soccer star who led Brazil to three World Cup titles, firing a pass during a match organized in Milan for his 50th birthday. Pelé played the first 40 minutes for Brazil's national team, which lost, 2-1, to a squad of international stars.

German Soccer Fans Riot in Luxembourg

Compiled by Our Staff From Dispatches

LUXEMBOURG — Germany, the 1990 World Cup champion, struggled to a 3-2 victory over Luxembourg in a qualifying match for soccer's European Championship that was marred by fan violence.

Luxembourg, which has not won an international match since 1972, trailed 3-0 but rallied and had four good chances to tie the score on Wednesday night. The Germans are unbeaten in 13 games.

Thirty Germans were arrested and 12 injured in rioting, the police said.

They said German fans overturned cars and smashed windows and doors after the match. They also wrecked two concession stands before the game.

Several people were taken away by ambulances but it was not known how seriously they were injured. The police, who sealed off surrounding streets, said the fighting began when several hundred German fans without tickets forced their way into the stadium.

There were 6,000 German fans at the game.

Fighting between rival fans also occurred in the stands during the game.

Germany started the Group Five game with nine players from its World Cup squad and looked like it would have an easy victory. But Jemp Girres scored for Luxembourg in the 57th minute and Robby Langers added a goal eight minutes later.

Jürgen Klinsmann, Uwe Bein and Rudi Völler scored the German goals. *(AP, Reuters)*

R. Kumar/Reuters

A German fan brandishing a stick during the Luxembourg match.

BOOKS

VLADIMIR NABOKOV: The Russian Years

By Brian Boyd. 607 pages. $25. Princeton University Press, 41 William St., Princeton, N.J. 08540.

Reviewed by Michael Dirda

WHILE Vladimir Nabokov was growing up in St. Petersburg — he was born in 1899 — his family employed 50 servants. As a boy, Volodya was chauffeured every day to and from the prestigious Tenishev School. At 17 a wiry raffish young dandy and already a published poet, he inherited a country estate and the equivalent of several million dollars.

By the end of this first volume of two in Brian Boyd's comprehensive, majestic biography, Vladimir Nabokov is 41 years old, virtually penniless, on his way from Paris to New York where he will be offered a job as a bicycle delivery boy. In the next 20 years this Russian exile will coolly transform himself into an American author, create the most brilliant English prose style of his time, compose a handful of masterpieces of which "Lolita" and "Pale Fire" are merely the best known, and eventually retire to a life of quiet luxury at the Montreux Palace Hotel in Switzerland.

But all this glimmers in the dove-gray future. In "Vladimir Nabokov: The Russian Years," Boyd leisurely chronicles the achievements of a European writer, one who wrote nine novels, a handful of plays, dozens of stories and scores of poems, all in Russian, between 1914 and 1937.

After the revolution, Nabokov's father — an able and admirable liberal politician — took his family to Berlin, where a flourishing Russian community existed, some 300,000 strong, big enough to support more than 80 publishers. While Volodya ambled off to Cambridge to complete his education, the Nabokov family became a center of exiled Russian culture. In 1922, though, tragedy struck: Nabokov's father was introducing an old ally at a political meeting when an assassin rushed the podium. V. D. Nabokov wrestled the assailant to the floor, and was immediately shot three times by an accomplice. He died instantly.

After the death of his father, the otherwise irreligious Nabokov reveals an increasing fascination with the possibility of an afterlife, complete with spirits. This sense of other states of being, says Boyd, accounts for both the "proppiness" of Nabokov's fiction and its tendency to modulate into a spectral otherworld. Boyd returns repeatedly to this theme of self and temporal transcendence, but never so obtrusively as to get in the way of good stories and anecdotes.

The Russian Revolution takes place literally down the block while Volodya hardly notices, so intent is he on writing poems for his latest beloved. He translates "Alice in Wonderland" into Russian (the heroine becomes Anya), foxtrots with Pavlova, plays chess with Alekhine, works as a cherry picker in Provence and a tennis teacher in Berlin. He chases butterflies everywhere; of this passion for "leps," he says "I didn't choose them. They chose me."

"The Russian Years" naturally builds toward an account of "The Gift" (1937), for many the greatest 20th-century novel written in Russian. It contains the kernels of virtually all the fiction that Nabokov will pop up during the next 30 years. And, above all, the novel is a love song for Nabokov's wife, Vera; she is "the gift."

Boyd, a professor of English at the University of Auckland, writes a plain reader-friendly prose, at once clear, efficient and meticulous. Occasionally, he will belabor interpretations of Nabokov's poems or fictions, but never does he resort to academic jargon. Neither does he fall prey to a self-conscious pseudo-Nabokovian style of elaborate wordplay and contrived literary conceits. Now and again, Boyd will tip his hat to the master, as when he labels the unscholarly Nabokov of his Cambridge years "a chirping cicada, not an industrious ant, a playful otter, not an eager beaver." But these moments elicit a smile rather than a grimace. The scholarship is exemplary.

In every respect then, this is yet another of those masterly literary biographies of recent years, eligible to sit at the right hand of Richard Ellmann's "James Joyce."

Michael Dirda is on the staff of The Washington Post.

BRIDGE

By Alan Truscott

YOUNG players tend to be too hungry in the bidding, seeking penalties by doubling low-level contracts rather too often. West fell into this trap on the diagramed deal from the Junior Teams Tournament played some time ago at Port Chester, N.Y. East-West were using the "Cappelletti" method over opposing no-trump bids, so two clubs by East showed an unspecified one-suited hand. This was likely to be a six-card suit, so West should certainly have bid three spades when the bidding reached the three-level and his partner would have brought home nine tricks. There were several objections to the double of three hearts: the space fit reduced the defensive prospects; the quality of the hearts was inadequate; the potential profit was small; and the potential loss large. The declarer was Kenny Zuckerberg, who learned the game eight years ago at the age of 9 but has been "retired" for several years. His partner was his sister, Debbie, an established star at the age of 22. The opening lead was ruffed and a diamond finesse was taken successfully. Another spade ruff, another diamond lead, and a third spade ruff completed the first five tricks. South led the club jack, covered by the king and ace, and ruffed dummy's last spade with the heart jack. West overruffed, but there was no defense: Dummy's ace-nine-eight of hearts, combined with the queen in the closed hand, were worth three more tricks. South's dummy reversal play gained his team 13 imps, for in the replay South failed by two tricks in four hearts doubled.

NORTH (D)
♠ J863
♡ A98
◇ AQ
♣ A762

WEST
♠ 1972
♡ K10652
◇ KJ9
♣ K8

EAST
♠ AKQ954
♡ —
◇ 875
♣ Q943

SOUTH
♠ —
♡ QJ743
◇ 106432
♣ J105

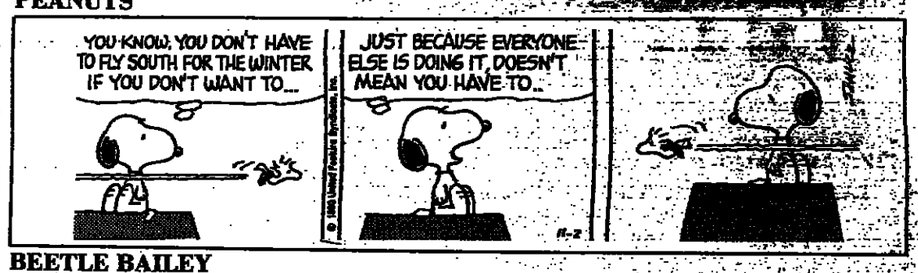
East and West were vulnerable.

The bidding:

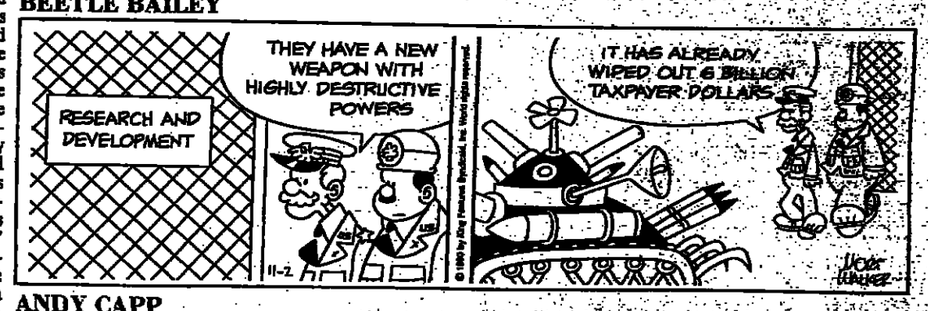
North	East	South	West
1 N.T.	2♣	2♡	Pass
Pass	2♠	3♠	Pass
3♡	Pass	Pass	Dbl.
Pass	Pass	Pass	

West led the spade two.

PEANUTS



BEETLE BAILEY



ANDY CAPP

WIZARD of ID

REX MORGAN

GARFIELD

DOONESBURY

DENNIS THE MENACE

"YOU LIVE ACROSS THE LAKE, MR. McINTOSH? THAT'S FUNNY, 'CAUSE MY DAD SAID YOU WERE OVER THE HILL."

JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

CEHOP

FRATE

STANEF

ALCIME

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: " " (Answers tomorrow)

Yesterday's Jumbles: SAUTE DRYLY CUFFUL PLURAL
Answer: What they call a lot of crumbs held together by their own dough—THE UPPER CRUST

BLONDIE

هكذا من الأصل

SPORTS

Trying Times for Ivy League

Schools in Football's Cradle Now Struggle to Compete

By Ken Denlinger
Washington Post Service

WASHINGTON — Ivy League football is a Philadelphia-area certified public accountant, Thomas Motley, having to decide on a fall afternoon whether to attend Penn versus Columbia at historic Franklin Field or the Radnor Hunt.

Ivy League football is a quote covered with cobwebs. When someone in the late 1920s asked Knute Rockne where the famous Notre Dame backfield shift came from, the legendary coach said: "Where everything else in football came from, Yale. All football came from Yale."

Ivy League football is an academic, Nick Constan, sitting in a spacious office at Penn not long ago and saying: "I have a feeling that our message is not the wave of the future. But if things continue in the direction in which some indices indicate, we may come to be the new discovery."

Ivy League football is a coach, Ed Zubrow, resigning from Penn shortly after going 9-1 and tying Cornell for the 1988 championship to take a job with the Philadelphia public-school system.

Off the field, Ivy League football is a collection of ologies: mythology, ideology and, yes, the familiar dollarology. On the field, the eight teams that helped devise football 121 years ago, that helped popularize football, that also helped cause the near-abolition of football and that once went for great stretches without losing, are these days unable to beat anyone but themselves.

Sept. 29 may have been the Saturday the Ivies plopped to rock bottom: Brown lost to Fordham, Columbia lost to Lehigh, Cornell lost to Bucknell, Harvard lost to Holy Cross, Penn lost to Lafayette, Princeton lost to Colgate, Yale lost to Connecticut and Dartmouth tied New Hampshire.

In truth, that may not be as bothersome a reality to many league officials as it would appear. While acknowledging the on-the-field decline and hinting significant change may be necessary even to compete against the younger — but stronger — Patriot League, Constan said: "People who find the most problems with the entire thing are football fanatic alumni of schools who haven't won the championship or come close in some time."

Those who have not thought about Ivy League football in some time will be startled to learn that: Harvard has won two more games than Notre Dame; Penn has won 32 more games than Penn State; Yale has won more games than anyone ever in college football, 758. Runner-up Michigan still is 51 victories behind.

The first anti-football sentiment very likely was expressed, in the 1880s, by an Ivy League president, Cornell's Andrew D. White. Upon declining to send his team to Michigan, White said: "I will not permit 30 men to travel 400 miles merely to agitate a bag of wind."

In the early 1900s, football was becoming so violent that President Theodore Roosevelt (a Harvard man) considered abolishing it.

In this clean-up-your-sport-or-give-it-up atmosphere, the National Collegiate Athletic Association was formed in 1906. Nearly half a century later, the Ivies no longer were a force in major-college football. Rules established in 1945 as the Ivy Agreement and tightened seven years later saw to that.

Ivy League football is a collection of ologies: mythology, ideology and dollarology.

The major changes: No spring practice (except for one day, with no pads); no postseason or bowl games; no football clinics; no scholarships strictly for football; no subsidized players.

What followed was, according to Constan, Penn's representative on the Policy Committee of the Ivy League athletic board, "rededication to amateurism." Teams were supposed to be "truly representative of the student body. We've been defining and arguing about that ever since."

What evolved was the Academic Index, a formula for admissions fully understood by perhaps a half-dozen people in the entire world. More of a factor than tightened admissions is finances. All Ivy aid is based on need and all Ivy need packages include the athlete or his family picking up part of the educational bill.

Penn's best full-need deal, Constan said, is $5,200 a year short of the complete bill. Patriot League schools, all highly regarded academically, give full aid based on need. The dilemma for a football player and his family: Ivy-League Penn plus at least $20,000 for four years or, say, Patriot League Lehigh and nothing?

Still, Lehigh's athletic director, Joe Sterrett, said of the Patriot League: "Going head-to-head with the Ivy League schools, we just don't get that many kids."

Ivy alums such as Penn's Motley worry that the Ivy League may drop from Division I-AA to Division III. He frets that football may be the "whipping boys of the league."

Still, Ivy football charms are numerous. The games are fiercely competitive, the coaching admirable and often inventive.

If their overall quality of football is dismal, the Ivies do occasionally produce a professional prospect. The latest is a near-300-pound (136-kilogram) offensive lineman, Joe Valerio of Penn.

More football players were admitted to Penn a decade ago, about 80 a year as opposed to about 50 now, said Gary Steele, in his second season as head coach and eighth on the staff.

"We must make better decisions now," Steele said, "because a kid can walk away from football here tomorrow and not have his financial aid affected at all. That makes walking away easy, and we've had some of that, kids using us to get into school and then quitting at the first sign of adversity."

The recruiting season is almost never-ending, Steele said. First is the battle for players with what he calls "the scholarship schools." That ends in mid-February. The spring is spent dueling with the Ivy schools and some others.

About what he found unique to Ivy League football, Steele's predecessor Zubrow said: "It walks the middle ground between recreational football and football as entertainment."

"If Ivy League football reaches the point where it's simply not competitive," he said, "then it will be harder showing the public that it still is possible to be a student-athlete, without either one dominating the other."

Said Constan: "I have a feeling the Ivy League is doing a lot right." Other leagues, he said, "are chasing dollars more swiftly than ever. It is astounding to the degree which that has become obvious. And it is astounding how much the American public is willing to take it."

Unheralded Frenchman Spooks Sampras

By Nick Stout
International Herald Tribune

PARIS — A bespectacled Frenchman ranked 134th in the world rose to the occasion on All Saints Day here Thursday, spooking Pete Sampras back to reality with a 6-3, 3-6, 6-3 victory in the third round of the Paris Open tennis championships.

Guillaume Raoux, a 20-year-old qualifier, appeared to receive some help from heaven as he pounded the U.S. Open champion for an hour and a half with shots only an addicted gambler would normally dare to make.

"He was hitting his second serves as hard as his first, and double faulting by 20 feet," Sampras said moments afterward, trying to understand what had hit him. "He's a player who goes for it. He's not the smartest player in the world, but when he's on, he's on, especially with the public behind him."

The two players were making acquaintances for the first time. But Sampras, ranked fifth, was aware of the scouting reports.

"I heard the players saying he could really go for it," Sampras said. "It's very difficult because he hits the ball high. If it goes in, he wins the point; if not, I win."

Sampras, in his second tournament since winning at Flushing Meadow in September, said he was "disappointed but not sad" and that he would chalk it up as "a learning experience." It would take him about a day to recover and start preparing for the London tournament next week and the ATP championship series after that, he said.

Raoux was ecstatic.

"This is the moment I was waiting for," he said, adding that his strategy was to keep Sampras on the baseline.

"My tactic was to go to the net before he did," Raoux said, "and I think I succeeded in that not too badly."

The elimination of Sampras was the biggest news so far at the Paris Open, held at the modern Palais Omnisports on the right bank of the Seine. But there have been some other upsets among the formidable field of contestants: Brad Gilbert, Goran Ivanisevic and John McEnroe have all been eliminated, virtually ending their chances of qualifying for the ATP championships among the top eight players later this month in Frankfurt. Only Ivanisevic, who plays next week in London, has a remote chance of catching Emilio Sánchez for the No. 8 ranking.

Sánchez won here Thursday, advancing to the quarterfinals with a 7-5, 6-3 triumph over Guy Forget.

The Paris Open is in its fifth year. Conspicuous by his absence is Andre Agassi, but most of the other big names showed up. Agassi may find the Las Vegas sunshine a more tempting attraction in November than an indoor tennis party, but the Paris Open is, after all, the richest event on the ATP calendar. Most of Agassi's peers were easily persuaded by the $2 million dangled by the French Tennis Federation. The winner Sunday will collect $270,000; even the first-round losers have walked away with $6,710.

Boris Becker and Stefan Edberg, in a race for the No. 1 ranking, both advanced to the quarterfinals.

But Gilbert, ranked ninth, lost to Michael Stich, a West German ranked 67th. And Ivanisevic succumbed to Jakob Hlasek, the Swiss who eliminated McEnroe late Tuesday night in a thriller.

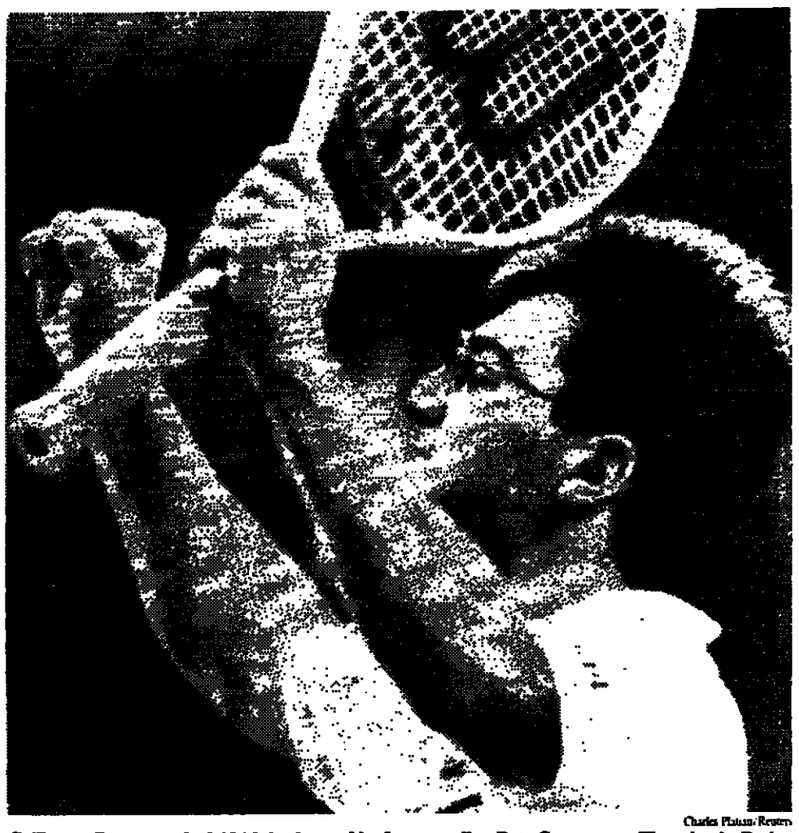
McEnroe was bitter after the 3-6, 6-3, 7-6 loss. With it, he blew any chance he might have had to squeak into Frankfurt. His astounding parting gesture was to refuse to shake Hlasek's hand.

As usual, McEnroe had been barking at the umpire and line judges all night, and he had been assessed a penalty point for hurling his racket. When a close line call went against him in the tie-breaker just before midnight, McEnroe lost his composure completely. He double faulted on match point and then stormed off the court without acknowledging his opponent's outstretched hand.

Asked at the postmatch press conference to explain this extraordinary behavior, McEnroe snapped, "I don't really want to talk about it."

Hlasek seemed unperturbed.

"I know John," he said. "Sometimes when he's angry he does things that he doesn't mean to do. We'll see each other again and maybe he'll apologize or I'll ask him about it. I don't know. But I don't take it very seriously."



Charles Platiau/Reuters

Guillaume Raoux, ranked 134th in the world, after pounding Pete Sampras on Thursday in Paris.

Senna Calls Rival Prost Laughable

Reuters

ADELAIDE, Australia — Ayrton Senna of Brazil called his Formula One rival Alain Prost laughable on Thursday and said the Frenchman should stop complaining and accept that he was beaten in the 1990 championship by a better driver.

Senna, here for the Australian Grand Prix on Sunday, was crowned champion in Japan on Oct. 21 after colliding with Prost. Both were forced to abandon the race, ending Prost's chances of retaining his title.

"I beat him in the same car in 1988 and I beat him with a different car this year," said Senna, who drove alongside Prost for the McLaren team for two years.

"I did not have as good a car as he had," this year, Senna said, "and yet with the team I was able to put it together in such a special way to beat him." Prost switched to the Ferrari team this year.

"In the end he makes me laugh," Senna added. "He's a guy who complains so much, but the championship was not won in Japan. It was won point by point, race by race, and that is why it was so rewarding for me to know that I had it right. I believed that I could do it and I achieved it."

For the second time in two years, Senna was the center of media attention at the Australian Grand Prix, the last of the season, after a crash with Prost in Japan. The 1989 incident gave the title to Prost after Senna was disqualified from the race.

But unlike last year, when he gave an emotional address and talked of retiring after being fined and given a suspended six-month ban for dangerous driving, Senna appeared confident Thursday that he had acted correctly in Japan.

"As we went to the first corner, he moved to the outside and left room," Senna said. "I went for it but as I committed myself, he came back inside. Under the circumstances a crash was unavoidable."

SIDELINES

Leyland Is Named Top NL Manager

NEW YORK (AP) — Jim Leyland, who turned the Pittsburgh Pirates into contenders and guided them through the pressure of a major-league pennant race, was selected the National League manager of the year on Wednesday. Leyland got 17 of the 24 first-place votes from the Baseball Writers Association of America and finished with 99 points.

Leyland took a team that was fifth in the East Division in 1989 and molded it into a division champion at 95-67. The Pirates overcame the New York Mets and all the odds in the stretch to finish with the second-best record in baseball.

Lou Piniella, who led Cincinnati to the World Series championship in his first season with the Reds, got three first-place votes and was second with 49 points.

Workers' Compensation for Davis

COLUMBUS, Ohio (UPI) — The Ohio Bureau of Workers' Compensation says the hospital and medical bills of the Cincinnati Reds outfielder Eric Davis can and will be paid through workers' compensation because he was injured on the job.

Davis suffered a lacerated kidney while diving for a fly ball in Game 4 of the World Series and was hospitalized in Oakland. He flew back to Cincinnati last week in a private jet at a cost of $15,000 and has been involved in a squabble with the Reds' owner, Marge Schott, over who pays the bill.

Linda Murray, a spokesman for the bureau, said it is possible the trip home would be covered if it is decided it was part of the medical treatment. The Reds are self-insured, meaning they pay their workers' compensation bills directly instead of paying into the state's insurance fund.

Europe Beats U.S. in Four Tours Golf

INAGI, Japan (AP) — A double-bogey on the 18th hole sank Mark Calcavecchia and a bad back stopped Wayne Levi as a team of American professionals bowed, 8-4, to a European team Thursday in the first round of the $1.15 million Four Tours World Championship of Golf.

Australia-New Zealand tied Japan, 6-6, on the hilly 7,017-yard (6,416-meter), par-72 Yomiuri Country Club course outside Tokyo.

Seoul Interested in 2002 World Cup

SEOUL (Reuters) — South Korea is interested in playing host for the World Cup soccer finals in the year 2002, sports officials said Thursday.

"A lot of financial investment will be needed to host the event," a sports ministry official said, "but it will benefit the nation in other aspects, like elevating our international stature."

He said a cabinet meeting next month would decide whether to make a formal application. He added that FIFA, world soccer's governing body, wants the event to take place in Asia for the first time in 2002.

For the Record

The jurors who found that Mike Tyson fondled a woman in a disco, and who awarded her $100 in compensatory damages, heard testimony Thursday in the second phase of the trial in which the victim is seeking up to $2.5 million in punitive damages. *(AP)*

SCOREBOARD

HOCKEY

NHL Standings

WALES CONFERENCE	W	L	T	Pts	GF	GA
Patrick Division						
NY Rangers	11	3	0	22	44	34
New Jersey	8	4	1	17	53	44
Washington	7	7	0	14	43	45
Pittsburgh	6	6	1	13	61	53
Philadelphia	6	6	0	12	44	46
NY Islanders	3	9	0	6	31	54
Adams Division						
Montreal	7	6	1	15	46	46
Boston	6	4	2	14	39	44
Hartford	4	7	2	10	32	44
Buffalo	3	5	4	10	39	39
Quebec	3	7	3	9	38	53
CAMPBELL CONFERENCE						
Norris Division						
St. Louis	8	3	1	17	45	35
Chicago	8	5	0	16	43	32
Detroit	6	4	3	15	51	48
Minnesota	2	8	3	7	35	52
Toronto	2	10	1	5	34	61
Smythe Division						
Los Angeles	9	3	1	19	41	42
Calgary	9	4	0	18	58	39
Vancouver	6	6	0	12	37	40
Winnipeg	5	7	1	11	42	42
Edmonton	2	7	2	6	29	32

WEDNESDAY'S RESULTS

Montreal 1 3 0—4
Hartford 2 0 0—2
Cole (1), Courtnall (5), Cunnerworth (5), Savard (6), Skrudland (6). Shots on goal—Montreal (on Sidorkiewicz, Whitmore) 9-9-8—26. Hartford (on Roy) 9-11-8—28.

Los Angeles 2 1 1—4
N.Y. Rangers 2 2 1—5
K.Miller (4), Granato (7), Mullen (7), Gretzky (9), Broten (2), Sheppard (3), Jones (2), Leetch (5), Gardnick (5), Turcotte (7), Erixon (2), Gardnick (6), Taylor (2). Shots on goal—Los Angeles (on Richter) 19-11-12—42. New York (on Berthiaume, Hrudey) 10-15-12—37.

Boston 1 1 1 0—3
Buffalo 0 2 1 0—3
Janney (3), Mullany (4), Makela (1), Christian (4), Volve (7), Carpenter (3). Shots on goal—Boston (on Malarchuk) 12-14-9-1—36. Buffalo (on Lemelin) 5-7-5-1—18.

Winnipeg 0 0 0 1—1
Edmonton 0 0 0 0—0
Etlouik (3). Shots on goal—Winnipeg (on Ranford) 7-6-10-1—24. Edmonton (on Essensa) 10-13-11-0—34.

SOCCER

1992 European Cup

QUALIFYING ROUNDS

Group 3

	W	L	T	GF	GA	Pts
Hungary	1	0	2	5	3	4
Soviet Union	1	0	0	2	0	2
Italy	0	0	1	1	1	1
Norway	0	1	1	0	2	1
Cyprus	0	1	0	2	4	0

Hungary 4, Cyprus 2

Group Four

	W	L	T	GF	GA	Pts
Yugoslavia	2	0	0	6	1	4
Denmark	1	0	1	5	2	3
Faroe Islands	1	1	0	2	4	2
N. Ireland	0	1	1	1	3	1
Austria	0	2	0	1	5	0

Yugoslavia 4, Austria 1

Group Five

	W	L	T	GF	GA	Pts
Wales	1	0	0	3	1	2
Germany	1	0	0	3	2	2
Luxembourg	0	1	0	2	3	0
Belgium	0	1	0	1	3	0

Luxembourg 2, Germany 3

Group Six

	W	L	T	GF	GA	Pts
Greece	1	0	0	4	0	2
Portugal	1	0	1	1	0	3
Finland	0	0	1	0	0	1
Netherlands	0	1	0	0	1	0
Malta	0	1	0	0	4	0

Greece 4, Malta 0

INTERNATIONAL FRIENDLIES

Rest of the World 2, Brazil 1
Norway 6, Cameroon 1

DUTCH FIRST DIVISION

Roda JC Kerkrade 1, PSV Eindhoven 3

TRANSACTIONS

BASEBALL
American League

BOSTON—Agreed to terms with Greg Harris, pitcher, on a two-year contract. Bought contracts of Tom Fischer, Derek Livernois, Dan O'Neill, Jeff Plympton, Dave Owen and Scott Taylor, pitchers, from Pawtucket, International League.

KANSAS CITY—Will not offer a contract to Willie Wilson, outfielder, for next season.

National League

CINCINNATI—Declined to exercise 1991 contract option of Ron Oester, second baseman.

LOS ANGELES—Bought contracts of Eric Karros, first baseman, and Henry Rodriguez, outfielder, from San Antonio, Texas League. Re-instated Orel Hershiser and Tim Belcher, pitchers, and Jeff Hamilton, third baseman, from 60-day emergency disabled list.

PHILADELPHIA—Agreed to terms with Darren Daulton, catcher, on three-year contract. Named Johnny Podres pitching coach.

PITTSBURGH—Declined to exercise 1991 contract option of Ted Power, pitcher.

SAN DIEGO—Fired Jack Maloof, batting instructor. Named Merv Rettenmund batting instructor.

BASKETBALL
National Basketball League

ATLANTA—Waived Duane Ferrell and Darren Henrie, forwards.

GOLDEN STATE—Put Jim Petersen, forward-center, and Bart Kofoed, guard, on injured list. Waived Stan Kimbrough, guard.

SACRAMENTO—Released Marty Conlon, center, and Joe Fredrick, guard.

FOOTBALL
National Football League

CLEVELAND—Re-signed Ken Rose, linebacker. Waived Eugene Rowell, wide receiver.

INDIANAPOLIS—Signed Rusty Hilger, quarterback. Claimed Mickey Washington, cornerback, from practice squad. Re-signed Reggie Thornton, wide receiver, to practice squad.

NEW YORK—Signed Mark Hofland, offensive lineman, to practice squad.

PHOENIX—Released John Burch, running back.

HOCKEY
National Hockey League

CHICAGO—Signed Steve Larmer, right wing, to a four-year contract.

N.Y. ISLANDERS—Traded Marc Bergevin, defenseman, to Hartford for future considerations.

PHILADELPHIA—Assigned Pete Peeters, goaltender, and Murray Baron, defenseman, to Hershey, American Hockey League. Called up Bruce Hoffort, goaltender, from Hershey.

COLLEGE

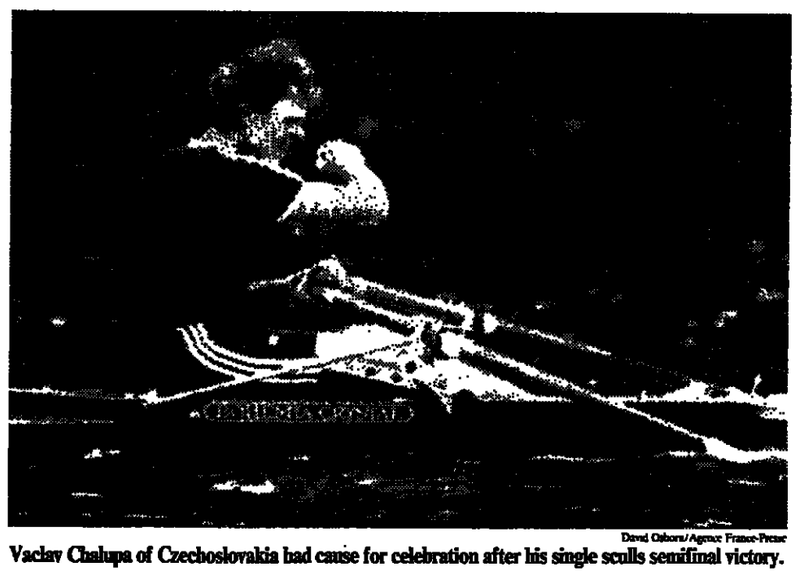
NORTHWESTERN STATE—Extended the contract of Sam Goodwin, football coach, through 1991.

ROBERT MORRIS—Named Marty Galasi director of sports information and marketing.

HOUSTON—Craig Upchurch, forward, will miss 1990-91 basketball season due to back injury.

KANSAS STATE—Dismissed Kenny Williams, forward, from basketball team.

NORTH CAROLINA—Named Bruce Hemphill director of football recruiting.



David Osborn/Agence France-Presse

Vaclav Chalupa of Czechoslovakia had cause for celebration after his single sculls semifinal victory.

New Duos Shine at Rowing Championships

The Associated Press

LAKE BARRINGTON, Australia — Two of the newest combinations in international rowing scored semifinal victories Thursday, becoming major contenders for their respective titles.

Thomas Lange and Stefan Ullrich of East Germany in the double sculls and Steven Redgrave and Matthew Pinsent of Britain in the men's pair without coxswain have emerged this week at the world championships here.

Lange, the reigning Olympic and world single sculls champion, decided to compete in the double sculls three months ago. He bypassed the single sculls because of the pressure imposed by his medical studies.

Lange and Ullrich rowed to victory in six minutes and 37.71 seconds, 2.05 seconds ahead of the reigning champions Rolf Thorsen and Lars Bjoness of Norway.

Arnold Jonke and Christophe Zerbst of Austria won the other semifinal ahead of crews from Bulgaria and Australia.

Redgrave, a two-time Olympic gold medalist, and Pinsent rowed to an effortless semifinal victory in 7:10.62, ahead of teams from Yugoslavia and the Soviet Union.

In other action Thursday, Vaclav Chalupa of Czechoslovakia, last year's silver medalist, won his men's single sculls semifinal in 7:43.99. Eric Verdonk of New Zealand finished second and Kajetan Broniewski of Poland third.

Christian Händle of West Germany was fourth and therefore was eliminated. Pertti Karppinen of Finland, three-time Olympic gold medalist and two-time world champion, was also eliminated, finishing sixth.

Yuri Yaanson of the Soviet Union, the current World Cup champion, won the other semifinal in 7:45.32. Harald Faderbauer of Austria was second in 7:49.07, ahead of Andreas Hajek of East Germany in 7:54.78.

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OBSERVER

Teeth-Gnashocentrism

By Russell Baker

NEW YORK — The issue that makes education-minded people see red and gnash their teeth these days is -centrism.

If you're a behind-the-times kind of person, you probably thought it would be college graduates not knowing which country Abraham Lincoln was president of.

You were wrong. -centrism is where the heat is. There are many varieties of -centrism. Among people who like to shout at each other, the most popular are ethnocentrism, Eurocentrism and Afrocentrism.

□

Dull though it sounds, -centrism has the power to make blood boil. This is because it's about how education should make people feel good. It assumes that education has a duty to affect people's feelings in a positive way. Let's try to illustrate:

Who do you think discovered America? If you say Columbus, it's because you had a Eurocentric education. If you say Leif Ericsson, you're still from the Eurocentric school, but we are seeing obvious signs of ethnocentrism. Your education may have been Nordocentric, possibly even Norse-ocentric.

It doesn't matter here. Under -centrism theory, having America discovered by either Ericsson or Columbus makes Americans of white European background feel good about themselves.

Recently, some Americans of African background have been saying that America was actually discovered by unknown Africans who crossed the Atlantic ages ahead of the two usual European suspects.

Eurocentric education's failure to teach the African discovery is said to be typical of a white racism that suffuses and poisons Eurocentric education. (You can see how -centrism could bring people to a boil.) In short, we are now seeing pressure for a more Afrocentric education.

The aim is to help Americans of black African background feel just as good about themselves as Americans of white European background feel when the discovery is discussed.

□

Where does this leave American Indians? Since they were here before either Africans or Europeans, they surely deserve all the credit for the discovery.

Wouldn't American Indians feel much, much better about themselves if Leif and Columbus were dropped from the curriculum, the early African discoverers put aside, and the discovery properly credited to unknown Indians?

Of course they would, and Indians have pressed the point by observing that since they are not a people of the East Indies and Asian subcontinent — which is to say, Indians — they prefer to be called "Native Americans."

In pressing for change in the dominant Eurocentric vocabulary, these longtime Americans have taken the first step toward demanding a Native-Americocentric education.

Unforeseen problems can result from mounting evidence that Native Americans descend from prehistoric Siberians who discovered the ancient New World by walking over to Alaska. It's entirely possible that Americans of Siberian background will demand a more Russocentric education.

□

The battle for control of the schoolhouse is not confined to racial and ethnic competitors, of course. Women complain that education's chauvinistocentrism denies them the chance to feel as good as men when contemplating civilization's noblest achievers.

They want a more feminocentric syllabus exalting the likes of Queen Boudicca and Emily Dickinson. Homosexuals are having too tough a time right now to fling themselves with gusto into the fray. Still, they have made it clear in the past that they want American education to become gayocentric enough to start hauling more of civilization's greatest stars out of the closet.

Nor should we overlook the religious pressure groups ever busy censoring textbooks and cleansing literature departments of writers who shouldn't be allowed to walk the streets with decent people. This group wants education to be upliftocentric.

What is depressing about these conflicts over -centrism is the disputants' indifference to the idea that education involves training people to think clearly. Instead, they treat education as a propaganda system to be manipulated for transient social or political purposes. Which is to say, with contempt.

New York Times Service

Pilot for Hire: Last Flight Out of Saigon

By Steve Glain
International Herald Tribune

HONG KONG — As refugees gather at the borders of Saudi Arabia and Jordan, Jim Eckes sees in his mind's eye a mad crush of displaced civilians at Saigon's Tan Son Nhut Airport in 1975.

"I had the whole airport wired," he said. "I knew everyone there, so the guards would wave me on. I was probably the right person at the right time to smuggle people into the plane."

The plane, a Pan American Airways Boeing 747, was the famous last flight out of wartime Saigon and the culmination of the biggest refugee airlift in history. As the point man of the operation, Eckes knew as well as anyone the bottom line of making war: After the preemptive assaults, surgical strikes and saturation raids, you're left with thousands of people all packed up with no place to go.

"We tried to get out the Vietnamese who we all knew, the people who worked for us who were not able to get out," said Eckes, now a director of Indoswiss Aviation, an aircraft charter service based in Hong Kong. "A lot of U.S. State Department people were coming in on Pan Am on their own expense to rescue Vietnamese."

So they came to Eckes for help. Since 1968, Eckes had flown throughout Indochina as the vice president of Continental Air Services, a subsidiary of Continental Airlines that chartered flights for everything from U.S. corporations and the news media to the Central Intelligence Agency.

The airline was the brainchild of Robert F. Six, the founder and president of Continental Airlines, who battled to open the air charter industry in Indochina to free-market forces. CAS soon began snaring lucrative government contracts, once the exclusive domain of the CIA-controlled Air America, by undercutting its rival.

"Air America had a lot of fat to it, and we were lean," Eckes said. "There were a lot of people on the payroll of Air America who had nothing to do with aviation. We didn't have that problem."

Asked whether he had had any connection with the CIA, he laughed and said, "Never under any circumstance. In fact, I was a thorn in their side because, though I had the highest regard for their pilots, I was often critical of the way they ran Air America from a business point of view."

Steve Glain

Jim Eckes in his office, surrounded by models and posters of his lifelong fascination: airplanes.

With his broad face and thinning hair, the 5-foot-11 Eckes is not central casting's idea of the taciturn pilot for hire. His office, cluttered with models of historic and contemporary airplanes, is half corporate enclave and half schoolboy's bedroom. On the walls are early 1900s lithographs of flight's infancy.

Eckes's love of airplanes evolved during the summers he spent as a boy in East Hampton, New York, where he would ride his bike to the local airport and gawk at a converted XP-23, a World War II fighter that embodied all the glamour and adventure of wartime aviation.

The XP-23's pilot, Al Uelitschi, would later start Flight Safety International, where Eckes began his career training flight engineers for their pilot's licenses at La Guardia Airport in New York. A few years later, Eckes was transferred to San Francisco, where his methods caught Six's attention.

As Continental's man in Asia, Eckes scraped up a fleet of DC-3s, twin-engine Beechcraft Barons, Dornier Do-28s and C-46s, which flew from Thailand to Cambodia to Vietnam. At its peak, CAS operated about 25 aircraft, dropping mostly medical and food supplies, ferrying U.S. civilians from one city to another and airlifting refugees out of war-ravaged hamlets.

The soldiers of fortune who flew for CAS and Air America — currently featured in the film "Air America" with Mel Gibson — were the descendants of those who flew transport planes over the eastern Himalayas for Chinese forces battling Japanese invaders during World War II. Some pilots bridged the generation gap, like Continental's R. L. (Dutch) Brongersma, the personal pilot of General Claire Chennault's, who commanded the legendary Flying Tigers, or Ed Dearborn, the CAS chief pilot who had flown in the Congo in the early 1960s.

Eckes, who recently served as the consultant for "The Last Plane Out," a television movie depicting Saigon's fall, bristles at the mention of "Air America," which he said depicts the pilots as cynical renegades who indulged in drug trafficking.

"Aside from the spectacular flying, all you see in the movie are drugs and the standard anti-war theme," he said. "But let's look at the Air America I saw. The pilots were very skilled and proud of what they did and would have never tolerated narcotics."

Many of the CAS pilots were wooed over from Air America by Eckes. A spirited rivalry emerged, "although it was always understood that we'd help each other in a bind."

Eckes also combed the forest and farm regions of the United States, CAS's natural recruiting pool: idle crop dusters and fire fighters hoping to moonlight between seasons.

"There was a high degree of respect between the pilots, a great deal of camaraderie," Eckes said. "But that didn't always keep them from getting into a fight in some bar."

"We had a lot of rognes, guys who would drink all night and fly all day," he said. "But the best pilots were married with a couple of kids. They had a good reason for maintaining stability."

By early 1975, the Viet Cong were closing in on Saigon, and Eckes found himself amid the delirium of a city under siege. Tan Son Nhut was packed with planes carrying paying passengers, refugees and dependents of U.S. servicemen. Scores of U.S. personnel volunteered to escort locals out of the country, only to return immediately for another group.

In the eight weeks before the final commercial flight, Eckes worked 18 hours a day scheduling flights out of the city. His passengers spanned the political spectrum: In addition to CIA operatives, he also arranged the escape of the daughters of Nguyen Hun Tho, the imprisoned head of the Viet Cong's political arm, the National Liberation Front. Both are now living in Paris.

By April 24, no insurance agency was willing to extend coverage to Pan Am, by then the only airline servicing Saigon, and the airline was forced to discontinue service. Eckes remembers wedging 700 people into the final flight by seating at least two children in every first-class seat and forcing some passengers to stand in the aisles. Although the normal seating capacity for a 747 is about 400, the aircraft safely made a fuel stop in Manila before proceeding to Guam, its destination.

Eckes and a friend narrowly escaped four days later in a twin-engine Beechcraft, with the Viet Cong nearly at the city gates. Almost immediately, the plane came under attack from North Vietnamese pilots as well as from South Vietnamese ground forces guarding the president's palace from air assault. Two days later, the remaining U.S. diplomatic personnel abandoned the city and the government of President Nguyen Van Thieu surrendered.

Eckes has returned to Vietnam twice since the war to investigate the country's embryonic aviation industry. He is treated as a dignitary by some Vietnamese who remember his role in the airlift, particularly by Tho, who is now a vice president of Vietnam.

But he is restricted from establishing formal commercial ties in the country by the U.S. government's trade and diplomatic embargo, which Eckes calls "the most stupid diplomatic move ever."

"The problem is that the people responsible for policy in Washington still refuse to believe that they were beaten," he said. "We have diplomatic relations with countries like China and Iraq, why not Vietnam?"

PEOPLE

Regards to the Troops From Nashville Stars

Kenny Rogers, Dolly Parton, Willie Nelson and **George Strait** are some of the stars in a package of 150,000 cassette tapes being donated by Nashville record companies to U.S. troops in Saudi Arabia. "As long as they are there, we want to stand by our troops," said Ken Harding of New Haven Records, chairman of a committee that organized Operation Desert Song. Also heading for Saudi Arabia will be 500 copies of a two-hour videotape containing messages from recording artists and clips of their videos.

□

William S. Paley left most of his $500 million estate to his children and a foundation he established. Paley, the founder of CBS, who died Oct. 26 at age 89, left 100,000 shares of CBS stock to the William S. Paley Inc. Foundation, as well as 84 works of art, including paintings by Renoir, Picasso, Gauguin and Degas. Paley's two sons, two daughters, a stepson and a stepdaughter will receive lifetime incomes from the part of the estate not specifically bequeathed to someone else.

□

Queen Elizabeth II has accepted an invitation by **President George Bush** to visit the United States next May, the White House announced. The British monarch will be accompanied by her husband, **Prince Philip**, the Duke of Edinburgh, the White House said in a statement. The exact dates of the visit are to be determined.

□

Anthony Dowell, director of Britain's Royal Ballet, was released from the hospital Thursday, less than 24 hours after he was found unconscious at the foot of a flight of stairs at the Royal Opera House, Covent Garden. Tests revealed that he had suffered no injuries, the opera house said. Dowell, 47, is expected back at work on Monday.

□

Rock 'n' roll pioneer **Chuck Berry** is suing the magazine High Society, saying it violated his privacy by publishing nude photos of him with several women. In the suit filed in St. Louis Circuit Court, Berry contends that the magazine published eight photographs of him posing with unidentified nude women as the cover story for its January edition. The suit says the photos were stolen.

TODAY'S INTERNATIONAL REAL ESTATE MARKETPLACE

Appears on page 10

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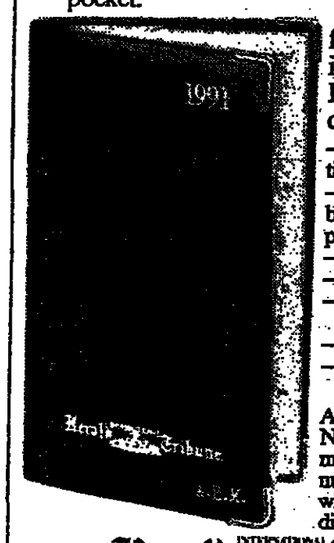

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